



Daily Report

East Asia

**FBIS-EAS-95-133
Wednesday
12 July 1995**

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Daily Report

East Asia

FBIS-EAS-95-133

CONTENTS

12 July 1995

NOTICE: An * indicates material not disseminated in electronic form.

INTER-ASIAN AFFAIRS

ASEAN Eases Vietnam Tariff Cut Timetable [BANGKOK POST 29 Jun]	1
Regional Committee To Work on Mekong Development [BANGKOK POST 12 Jul]	1
ASEAN Meets on Telecommunications Cooperation [REPUBLIKA 6 Jul]	2

NORTHEAST ASIA

Japan

U.S. Approach to Film Issue at WTO Cautioned [KYODO]	3
Kuriyama on Differences in Business Practice [KYODO]	3
Commentator Assesses Auto Accord With U.S. [SANKEI SHIMBUN 30 Jun]	3
Aftermath of Auto Talks Reviewed [NIHON KEIZAI SHIMBUN 1 Jul]	4
Background of Auto Dispute Examined [YOMIURI SHIMBUN 1 Jul]	5
New Approach to Trade Negotiations Urged [SANKEI SHIMBUN 4 Jul]	6
Need To Improve Japan-U.S. Ties Discussed [YOMIURI SHIMBUN 3 Jul]	7
U.S.-Japan Relations Said Entering New Stage [YOMIURI SHIMBUN 2 Jul]	8
Automakers' Voluntary Procurement Plans Assessed [NIHON KEIZAI SHIMBUN 2 Jul]	9
Differences Remain in Aviation Talks With U.S. [KYODO]	11
NCA Opposes U.S. Aviation Sanctions [KYODO]	11
PHS May Cause Trade Dispute With U.S. [KYODO]	12
Hashimoto Assures Australia on Auto Trade Deal [KYODO]	12
Australian Report on French Nuclear Tests Denied [KYODO]	12
Nuclear Waste Project With Russia Delayed [KYODO]	13
Official: Tokyo, Moscow To Hold Economic Meeting [KYODO]	13
Topics for ASEAN Regional Forum in Brunei [SANKEI SHIMBUN 9 Jul]	13
Study Begins To Help Boost Asian Oil Reserves [KYODO]	14
Tokyo To Help Beijing Utilize Coal Resources [KYODO]	14
Philippines Asking for Rice Supplies [KYODO]	14
Tokyo Extending Farm Projects Loan to Manila [KYODO]	15
EAP's Komura Elaborates on 'Standstill' Economy [KYODO]	15
Ex-EPA Head Urges 'Honest' Economic Assessment [KYODO]	16
Hashimoto on Boosting Economic Recovery, APEC [KYODO]	16

.....	17
.....	17
Gaishi Hiraiwa Interviewed on Economic Plan [ASAHI SHIMBUN 25 Jun]	17
Industrial Material Makers To Cut Output [NIHON KEIZAI SHIMBUN 2 Jul]	18
MITI Sees Yen Course Turning [KYODO]	19
MOF on Uncertain Condition of Stock Market [EKONOMISUTO 4 Jul]	20
Official: 86 Yen Targeted for Currency Moves [KYODO]	21
Small Firms Want 100-Yen-Level Per Dollar [KYODO]	21
Commercial Banks To Cut Housing Loan Rates [KYODO]	21
Editorial on Easy Money Policy by BOJ, FRB [NIHON KEIZAI SHIMBUN 8 Jul]	22
Expert Urges Economic Structural Reform [ASAHI SHIMBUN 7 Jul]	23
Article on Industrial Changes in Maker-User Ties [NIHON KEIZAI SHIMBUN 27 Jun]	24
Article on Ability-Based Reward System [NIHON KEIZAI SHIMBUN 28 Jun]	25
Utilities Urge Government To Scrap ATR Plan [KYODO]	27
NEC To Begin Ultra-High-Speed Network 1 Aug [NIHON KEIZAI SHIMBUN 7 Jul]	27
Draft of New National Disaster Plan Revealed [KYODO]	27
DA Calls for 3-Percent Budget Growth in FY96 [MAINICHI SHIMBUN 8 Jul]	28
DA Considering Combat-Ready Reservists [KYODO]	28
Editorial Critiques 1995 Defense White Paper [TOKYO SHIMBUN 3 Jul]	29
Editorial Urges Long-Term View on Defense [SANKEI SHIMBUN 1 Jul]	30
Murayama on Poll, War Ceremony, Economy [MAINICHI SHIMBUN 10 Jul]	31
NFP Targets 45 Seats in Upper House Election [KYODO]	31
NFP's Funada on Timing of Murayama Resignation [KYODO]	31

North Korea

U.S. Paper on ROK Construction Irregularities [KCNA]	32
ROK Paper Urges Store Accident Investigation [KCNA]	32
ROK Students' 8 Jul Demonstration Reported [KCNA]	32
Talk Denounces ROK National Security Law [Pyongyang Radio]	32
Tokyo Meeting Held on 'Unconverted' Prisoners [KCNA]	33
ROK 'Unconverted' Prisoners Called on Telephone [KCNA]	34
Embassy Hosts PRC Treaty Anniversary Banquet [Pyongyang Radio]	34
Beijing Banquet Marks Treaty-Signing Anniversary [Pyongyang Radio]	35
Reception Marks Anniversary of Treaty With PRC [KCNA]	35
Leaders Attend PRC Treaty Anniversary Banquet [Pyongyang Radio]	36
Treaty Anniversary Banquet Held in Russia [Pyongyang Radio]	36
Party Central Committee Presents Books to Jordan [KCNA]	36
Minister Sends Message to Venezuelan Counterpart [KCNA]	36
Kang Song-san Greets Mongolian Prime Minister [KCNA]	37
Bangladesh Socialist Party Delegates Arrive [KCNA]	37
Entertained by WPK 11 Jul [KCNA]	37
Kim Chong-il Said 'Great Man With Clairvoyance' [KCNA]	37
Kim Chong-il's Work Carried by Foreign Papers [KCNA]	38

Kim Chong-il's Writings Reviewed	38
Focus on Party Work [NODONG SINMUN 29 Mar]	38
Antisocialist Sophistry Exposed [NODONG SINMUN 1 Mar]	41
Kim Il-song, Kim Chong-il Works Shown in Moscow [KCNA]	43
Kim's Death Anniversary Commemorated in Japan [KCNA]	43
Cambodia Commemorates Death Anniversary of Kim [KCNA]	43
More Services Abroad Mark Death Anniversary [KCNA]	44
Further on Commemorations Abroad [KCNA]	45
Overseas Groups Praise Exploits of Kim Il-song [KCNA]	45
Visitors to Kumsusan Memorial Palace on Visit [KCNA]	46
Foreign Envoys Pay Tribute at Kumsusan Palace [KCNA]	46
Former War Correspondent Visits Kumsusan Palace [KCNA]	47
Over '200,000' Visit Kim Il-song Statue Daily [KCNA]	47
Workers, Youth, Soldiers Visit Kim's Statues [KCNA]	47
More Foreign Party Leaders Send Messages [KCNA]	47
Foreign Leaders Continue To Send Messages [KCNA]	48
Pakistani President Sends Condolence Message [Pyongyang Radio]	48
Mun Ik-hwan's Widow Places Flowers at Statue [KCNA]	48
Sihanouk Sends Flowers on Kim Death Anniversary [KCNA]	49
NDFSK Lays Flowers at Kim Il-song Statue [KCNA]	49
Foreigners Lay Floral Baskets at Kim's Statues [KCNA]	49
Floral Baskets Sent to Kim Il-song Statue [KCNA]	49
'Kim Il-song Biography' Volume Published in Iran [KCNA]	49
Art Exposition on Kim Il-song Tours Provinces [KCNA]	49
Paper: Kim Il-song Always Our 'Eternal Leader' [KCNA]	49
Yanggang Power Stations Increase Production [Pyongyang Radio]	50
17 Mar Hydroelectric Complex Increases Production [Pyongyang Radio]	50
Hochongang Power Station Increases Production [Pyongyang Radio]	50
Editorial Exalts Supremacy of Korean People [NODONG SINMUN 27 Mar]	51

South Korea

Seoul Seeks To Abolish Missile Pact With U.S. [CHOSON ILBO 12 Jul]	53
Background of Issue [SEOUL SINMUN 12 Jul]	53
BEM Meeting 'Avenue' To Improve Ties to U.S. [THE KOREA TIMES 12 Jul]	54
Normalization of U.S.-Vietnam Ties Examined	55
Decision Welcomed [YONHAP]	55
Significance Viewed [CHUNGANG ILBO 12 Jul]	55
More Competition Expected [YONHAP]	55
North Reported Building Guardpost at Panmunjom [Seoul Radio]	56
Next 3 Months 'Most Important' for Kim Chong-il [CHUNGANG ILBO 8 Jul]	56
Defector on Kim Chong-il Assuming Party Post [THE KOREA HERALD 12 Jul]	57
DPRK Future Under Kim Chong-il Assessed [SEOUL SINMUN 9 Jul]	57
Seoul, Beijing To Cooperate on Fighting Crime [THE KOREA TIMES 12 Jul]	58
Parties Agree To Adjust Electoral Districts [YONHAP]	59
Kim Tae-chung Holds Meeting on Forming Party [YONHAP]	59
Yi Ki-taek Willing To Meet With Kim Tae-chung [YONHAP]	59
DP Reformists Demand Yi Ki-taek's Resignation [YONHAP]	60
Revision of Constitution 'Inevitable' [WOLGAN CHUNGANG Apr]	60
LG Electronics Offers Technology to Indian Firm [THE KOREA TIMES 8 Jul]	70

SOUTHEAST ASIA

Burma

Aung San Suu Kyi Issues Statement on Release [AFP]	71
Aung San Suu Kyi Stays in 'Seclusion' [AFP]	71
Junta Lifts Ban on Visa for Suu Kyi's Husband [KYODO]	72
NCGUB Minister Praises Suu Kyi's Statements [London International]	72
Dissidents Question Motive for Suu Kyi Release [BANGKOK POST 12 Jul]	72
Khin Nyunt Explains 12 National Objectives [Rangoon TV]	74

Brunei, Malaysia & Singapore

Malaysia

Minister Rejects Pressure by U.S. Paper Group [THE STAR 10 Jul]	77
Minister Threatens Soybean Oil Countercampaign [THE STAR 10 Jul]	77
Badawi on Plans To Boost Trade With Pakistan [THE STAR 10 Jul]	78
Serb Offensive in Srebrenica 'Strongly' Condemned [Kuala Lumpur International]	78

Singapore

Foreign Ministry Hails Release of Suu Kyi [Singapore Radio]	78
---	----

Cambodia

Nation To Attend ASEAN Meeting as Observer [Kuala Lumpur International]	79
Khmer Rouge Battles at Thai Border Intensify [BANGKOK POST 11 Jul]	79
Commentary Rejects Rangsi Charges on Hostages [Phnom Penh Radio]	79
Thirty-Eight KR Defect From Ta Mok Division [AFP]	80
Leaders Urged Not To Underestimate Khmer Rouge [REAKSMEI KAMPUCHEA 10-11 Jul] ..	80
Khmer Rouge Reject Agreements With Vietnam [Radio PGNUNS]	81
Khmer Rouge Call for Dissolution of Parliament [Radio PGNUNS]	82

Indonesia

Dailies Welcome Release of Aung San Suu Kyi [KOMPAS 12 Jul, etc.]	83
Media Cover Withdrawal of Mantiri Nomination	84
Dailies Carry Editorials [SUARA KARYA, etc.]	84
Radio Comments [Jakarta Radio]	85
Minister Disagrees With Country Risk Assessment [BISNIS INDONESIA 5 May]	85
Official on Need for Political Liberalization [BISNIS INDONESIA 8 May]	86

Laos

Ties to PRC, Pledge of Financial Aid Viewed [BANGKOK POST 11 Jul]	87
Prime Minister's Office Group Ends SRV Visit [Vientiane Radio]	88
National Assembly Delegation Returns From SRV [Vientiane Radio]	88

Philippines

Movement Toward PRC Spratlys Compromise Cited [MANILA STANDARD 8 Jul]	88
Government To Ask UN To Help Stop Tests [Quezon City Radio-TV]	89
Manila Disputes U.S. Aviation Safety Standard	89
International Standard Complied With [Quezon City Radio]	89
U.S. Aviation Standards Criticized [Quezon City Radio-TV]	89
Location of Talks Disputed by Government, NDF	90
NDF Rejects Manila Talks [Quezon City Radio-TV]	90
Government Wants Manila Talks [Quezon City Radio]	90

Thailand

Response to Release of Aung San Suu Kyi Noted	91
Aung San Suu Kyi Congratulated [<i>Bangkok Radio</i>]	91
Burma Initiative Urged [<i>BANGKOK POST 12 Jul</i>]	91
Skepticism Expressed [<i>THE NATION 12 Jul</i>]	92
Businesses Cautioned [<i>BUSINESS DAY 12 Jul</i>]	93
First Quarter Rise in Neighboring Country Trade [<i>PHUCHATKAN 11 Jul</i>]	93
Appointment of Trade Representative Urged [<i>THE NATION 12 Jul</i>]	94
Burma Reportedly Clamps Down on Thai Products [<i>BUSINESS DAY 12 Jul</i>]	95
Royal Announcement Made on Appointments [<i>Bangkok Radio</i>]	95
New Government Urged To Pursue Other Development [<i>THE NATION 11 Jul</i>]	96
General To Fill Top Post Involved in Crackdown [<i>THE NATION 12 Jul</i>]	96
THAI To Propose Plan To Trim Fleet [<i>THAILAND TIMES 12 Jul</i>]	97

Vietnam

U.S. Decides To Normalize Relations	97
Vo Van Kiet Welcomes Decision [<i>Hanoi Radio</i>]	97
News Conference on Normalization [<i>Hanoi Radio</i>]	98
Radio Reports Decision [<i>Hanoi Radio</i>]	98
Impact of Decision Viewed [<i>THE NATION 12 Jul</i>]	99
Repatriation of Citizens From Germany Discussed	100
Bilateral Agreement Signed [<i>Hanoi Radio</i>]	100
Spokesman Explains Agreement [<i>VNA</i>]	100
Increasing Cooperation With ASEAN Cited [<i>VNA</i>]	101
World Bank Official Conducts Working Visit	101
Meets With Deputy Prime Minister [<i>VNA</i>]	101
Received by Le Duc Anh [<i>VNA</i>]	101
Deputy Prime Minister, Australian Minister Meet [<i>VNA</i>]	102
Leaders Receive Malian Assembly Speaker [<i>VNA</i>]	102
U.S. Firms To Oversee Highway 1 Reconstruction [<i>VIETNAM INVESTMENT REVIEW 19-25 Jun</i>]	102
Vo Van Kiet Orders Crackdown on Rice Smugglers [<i>Hanoi International</i>]	103
Campaign Against Corruption, Smuggling Cited [<i>SAIGON GIAI PHONG 21 Jun</i>]	103
Progress in Administrative Reforms Outlined [<i>VNA</i>]	104
Revenue Collection Slow in State-Owned Sector [<i>Hanoi Radio</i>]	104
Hanoi's Noi Bai Airport Upgrade Approved [<i>VIETNAM INVESTMENT REVIEW 19-25 Jun</i>]	104

ASEAN Eases Vietnam Tariff Cut Timetable

*BK2906060095 Bangkok BANGKOK POST
in English 29 Jun 95 p 8*

[FBIS Transcribed Text] ASEAN members have agreed to allow Vietnam to extend the time-frame for the reduction of import tariff rates to 0-5 percent by the year 2006 for Vietnam's acceptance in the ASEAN Free Trade Area (AFTA), ASEAN Department director-general Sukhum Ratsamithat said yesterday.

"ASEAN will give Vietnam the chance to improve itself. However, goods where the tariff rates can be brought below 20 per cent should be looked at first," he said.

Vietnam was earlier required to slash its import tariffs to zero by the year 2003 in conjunction with the other ASEAN countries.

A formal function to accept Vietnam as the seventh member of ASEAN is scheduled to be held prior to the annual ministerial meeting between July 29 and 30 in Brunei. Cambodia has officially acceded to the Treaty of Amity and Cooperation.

The director-general said that during the ASEAN Ministerial Meeting, all members would prepare the Bangkok Declaration for the ASEAN Summit 1995 to be held mid-December in Bangkok.

The main discussion theme of the ASEAN Summit, "ASEAN toward the 21st century", will be highlighted in the declaration.

At the summit, the member countries will issue the ASEAN Plan of Cooperation which will be used as an outline for the implementation of the Bangkok Declaration.

Regional Committee To Work on Mekong Development

*BK1207082895 Bangkok BANGKOK POST
in English 12 Jul 95 p 2*

[Report by Phanrawi Thanuphaphon]

[FBIS Transcribed Text] The four countries of the lower Mekong Basin have agreed to set up a new subcommittee to work out sustainable use of the Mekong River.

Water use, especially during the dry season, has been a point of contention among Laos, Thailand, Cambodia and Vietnam during their two-year process of drafting the Agreement on Cooperation for the Sustainable Development of the Mekong River Basin, signed in April in Chiang Rai.

The pact replaced an interim arrangement since 1975, which did not include Cambodia.

Prathet Sutabut, director-general of the Energy Development and Promotion Department, said the decision to set up the sub-committee was reached at the first meeting of the Joint Committee of the Mekong River Commission in Ho Chi Minh City late last month.

The sub-committee's scope and its annual work programs for next year will be worked out by the commission's secretariat and be presented to the next joint committee meeting, set for September in Bangkok.

The programs are to ensure "reasonable and equitable utilization" of water and "maintenance of flows on the main stream" stipulated in the agreement.

Its work will include establishing a time frame for the wet and dry seasons, the location of hydrological stations, and determining and maintaining the flow level requirements at each station, setting out criteria to determine surplus quantities of water during the dry season on the main stream, improving the monitoring of intra-basin water use and interbasin diversions from the main stream.

One of the most crucial aspects of the agreement is the ability of the four countries to monitor water levels along both the main stream and tributaries of the Mekong.

One of the projects which is most likely to be implemented by the sub-committee is, therefore, the rehabilitation of the water measurement stations left in disrepair for decades, such as those in Cambodia, and to install them in countries where they are not available.

Meanwhile, the meeting in Ho Chi Minh City agreed to seek the help of the Swiss government to review the Basin Development Plan which covers all four lower riparian countries. The plan is to focus mainly on projects on the main stream. Projects which are most likely to be implemented are the Pha Mong Dam in Thailand, and the Sambor and Steng Treng dams in Cambodia.

The cost of drawing up the recommendations is estimated at five million baht.

Dr Prathet said the Thai delegation had also submitted draft invitation to China and Burma to join the commission as "dialogue partners".

"All four delegations to the meeting agreed in principle to invite China and Burma but they have to refer back to their governments. A final decision will be made at the meeting of the Mekong Council on August 1-4 in Phnom Penh," he said.

It has been generally agreed that the two upper-stream countries of the Mekong — Burma and China — should join in to guarantee the sustainable use of the river.

The meeting in Ho Chi Minh City has also made progress in selecting the site for the headquarters of the Mekong River Commission Secretariat.

Dr Prathet said the sub-committee on headquarters for the secretariat set five conditions and a draft operation agreement for the host country.

An adviser from the United Nations Development Program, which helped coordinate the drafting of the report, will be appointed to survey all proposed sites — Bangkok, Ho Chi Minh City, Phnom Penh and Vientiane — and make recommendations to the next joint committee meeting in Bangkok.

Convenience and security are among the conditions for the host country.

Dr Prathet said he expected selection would take time. An additional joint committee meeting could be called to review the issue.

On the agenda of the Mekong Council's first meeting early next month is the appointment of a chief executive the commission's logo and annual membership fees. Dr Prathet said 200 million baht was already available at the secretariat and could be transferred to the commission.

ASEAN Meets on Telecommunications Cooperation

*BK0607155995 Jakarta REPUBLIKA in Indonesian
6 Jul 95 p 3*

[FBIS Translated Excerpt] Jakarta — ASEAN member countries held a three-day meeting on telecommunications coordination in Jakarta. The three-day meeting aimed at coordinating the telecommunications sector

was attended by the director generals of telecommunications from the respective ASEAN member countries.

Jakaria Purawidjaya, director general of Post, who represented Post, Telecommunication and Tourism Minister Joop Ave, opened the meeting yesterday. It was hoped that the coordination would provide easier access to greater telecommunication ties among ASEAN countries.

In his explanation, Jakaria stressed that every ASEAN country should understand existing regulations. If regulations were fully understood, then no differences of views on the principles would arise as had occurred among several other countries.

The high-ranking, two-star Indonesia Air Force officer said: "For example, take the use of the VSAT (very small aperture terminal). In Singapore, the VSAT is directly provided to the user, while in Indonesia the VSAT is only provided to industries. As such, to avoid differences, every nation should know about the traits and regulations of other nations."

It is also similar in the case of the radio caller system. There should be coordination among countries using the regional radio caller system. This would make telecommunication much smoother among ASEAN countries.

He added that the coordination which has yet to be implemented will cover all aspects of telecommunications. Apart from this, a discussion will be held regarding the standardization of telecommunication equipment used by every country. [passage omitted on discussion to standardize telecommunication equipment.]

Japan

U.S. Approach to Film Issue at WTO Cautioned

OW1207003295 Tokyo KYODO in English
2330 GMT 11 Jul 95

[FBIS Transcribed Text] Geneva, July 11 KYODO — Japan on Tuesday [12 July] expressed strong concern over a U.S. decision to launch an investigation into the Japanese photographic film market based on Eastman Kodak Co.'s complaint, saying "such a policy is not consistent with the spirit of the WTO agreement which prohibits unilateral measures."

Japanese Ambassador Minoru Endo told the World Trade Organization's ruling General Council that the U.S. approach to the film issue could "trigger off unilateral measures (by the U.S.)."

On July 3, U.S. Trade Representative Mickey Kantor announced the launch of an investigation into Japan's film market in response to Kodak's allegation that Japan has erected unfair trade barriers that keep Kodak out of the market.

Washington will probe the case for up to one year and impose sanctions against Japan under Section 301 of the Trade Act if the administration upholds the Kodak allegation and Japan refuses to rectify the situation.

Endo's comments at the WTO meeting were seen as indicating Japan's readiness to bring the case to the WTO if the U.S. Government goes ahead with sanctions procedures based on its investigations.

Kuriyama on Differences in Business Practice

OW1107043595 Tokyo KYODO in English
0406 GMT 11 Jul 95

[FBIS Transcribed Text] Tucson, Arizona, July 10 KYODO — The United States should not easily label the Japanese market as closed while not taking into account differences in business practices between the two countries, Japanese ambassador to Washington Takakazu Kuriyama said Monday [10 July].

Automobile sales in Japan focus on sales clerks visiting customers homes while in the U.S. cars are sold over the counter, Kuriyama said in a speech delivered to the annual session of the Japan-U.S. Business Conference in Tucson.

Such a difference does not lead to the argument the Japanese market is closed, he said.

After the speech, Kuriyama said the U.S. prejudice against the Japanese market has been persistent.

"I will take every opportunity to urge Americans to correct their views on Japan," Kuriyama told a press conference.

Commentator Assesses Auto Accord With U.S.

OW1007130095 Tokyo SANKEI SHIMBUN
in Japanese 30 Jun 95 Morning Edition p 11

[Summary of remarks by commentator Yukio Okamoto at an interview by unidentified SANKEI SHIMBUN reporter; place and date not given]

[FBIS Translated Text] I am very pleased that the Japan-U.S. auto talks have come to a good result. If the talks had broken down and U.S. sanctions had been imposed, that would have not only brought direct damage to Japanese-made luxury cars but also led to U.S. sanctions against Japan in other trade fields, including film. This is because if the United States makes bold to impose sanctions in the auto trade, a large trade sector, no brake can be put on its moves.

It would take the World Trade Organization's (WTO) dispute-settling panel 18 months at the longest to rule that the U.S. imposition of sanctions is illegal, and it would take 35 months at the longest to allow Japan to take retaliatory actions. It is difficult for the panel to take the shortest course to settle an unprecedentedly large trade dispute between the world's number one and two nations. Criticizing each other over sanctions worth as much as \$5.9 billion is a misery for the world as well.

Some people say the Japan-U.S. auto agreement is ambiguous. In usual negotiations, one takes fame and the other takes profits. However, the United States tried to get both up to the last moment. This is why the negotiations faced rough going. The United States should feel remorse for its attitude toward the negotiations. Even if this U.S. attitude was based on its negotiating strategy, it will aggravate public sentiment of the two countries in the long run. I think the United States at long last recognized the significance of what it would lose (as a result of its hard-line attitude).

It is only natural that the two countries interpret differently an agreement in such tough negotiations. What is important is whether or not the agreement will leave a source of trouble for the future. Unlike the semiconductor agreement case, Ryutaro Hashimoto, minister for international trade and industry, stated to the face of U.S. Trade Representative Mickey Kantor that the Japanese Government has no involvement in Japanese car makers' voluntary plans. Kantor also explained in Hashimoto's presence that figures based on the voluntary plans are merely estimates.

The United States will probably express dissatisfaction if Japanese car makers fail to accomplish the estimated figures. However, in that case, it will "request" that they meet their goals.

In view of the auto agreement's contents, it can be said that the two countries have delayed the issue's settlement. However, the agreement is also considered a clever idea for averting the current crisis. I believe Japan-U.S. relations have now hit bottom. Since Japan's trade surplus, which will probably peak this year, is expected to decrease later, the atmosphere concerning Japan-U.S. relations will change in the future. Japan should not think that all pending issues between it and the United States have been settled. Without being relieved at the latest agreement, Japan has to do what it should do now.

The Japan-U.S. friction has roots in the huge trade imbalance between the two countries, and Japan needs to make earnest efforts to change its surplus-producing structure. The best way to reduce Japan's surplus is to take drastic measures designed to improve the economy. Japan has to further promote relaxation of regulations and correction of disparities between domestic and overseas prices.

Aftermath of Auto Talks Reviewed

OW1107140095 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 1 Jul 95 Morning Edition p 5

[First article in two-part series by Takasato Tachibana: "Was the Japan-U.S. Gap Bridged After Stormy Auto Talks?: Is There Still a Sense of Mutual Distrust After Talks of Ministers Preoccupied With Their Own Domestic Affairs?"; first paragraph is NIHON KEIZAI SHIMBUN introduction]

[FBIS Translated Text] Japan and the United States came to an agreement in negotiations on the auto and autoparts sector after spending nearly two years on the difficult talks. Although the talks headed off a worst-case scenario in which the United States imposed sanctions against Japan, the talks have left a residue of deep-rooted mutual distrust between the two countries. There is still a host of difficulties Japanese auto manufacturers have to tide over in eliminating frictions. In this sense, there is the possibility that the recent agreement will develop into a cause of conflict between Japan and the United States in the future.

More Importance Attached to Toyota Than MITI

At midnight of 23 June in Geneva, the second-round of subcabinet talks at the USTR office on auto issues were about to finish.

"Things having come to this pass, we have no choice but to upgrade the talks to the cabinet level."

It is not clear which side said so, but Yoshihiro Sakamoto, council of the Ministry of International Trade and Industry (MITI), was irritated at the U.S. delegates' persistent calls for setting up numerical targets while USTR adviser Shapiro was increasingly disappointed at the Japanese negotiators' dogged attitude. Since the vice ministerial level talks had reached their limits, they had no choice but to seek a breakthrough at the ministerial level.

Vice ministerial talks were held four times since last December, when the talks resumed, up to the recent talks in Geneva. Everytime the talks were held, the U.S. delegates reiterated, "we want you to accept our request to set up numerical targets" while Japan said, "it will lead to managed trade." In this way, the two sides exchanged their basic policies, and the negotiators deepened their mutual distrust. A senior MITI official revealed how the talks went on, saying "USTR Kantor took control of everything, and no substantial discussions were exchanged at the subcabinet talks." In the subcabinet talks in Geneva, too, the two countries could not make a step forward.

Judging it is nonsensical to repeat negotiations with MITI, the USTR and Commerce Department mapped out a negotiation strategy targeted at Toyota Motor Corporation. It was made mid-June, when the possibility of resuming vice ministerial talks emerged. The strategy was "to win Chairman (Shoichiro) Toyoda over and, with the help of Toyota Motor, conciliate Nissan Motor Co., Ltd., which is taking a stiff attitude."

However, it took time to make behind-the-scenes coordination with Toyota, and it was 23 June, when the subcabinet talks had entered the second day and U.S. Ambassador to Japan Mondale had made contact with top Toyota Motor executives in Tokyo.

The talks further underwent tough going because there were reasons for the U.S. delegates to take a hardline attitude toward Japan.

There is the observation that USTR Kantor — who has long served as an election adviser to the Democrats and is a pro in fighting elections — will soon become the chairman of the reelection committee designed to have President Clinton reelected in the 1996 presidential election.

Labor Union Pressure on Clinton Regime

In 1993, at the time of enacting the law concerning the implementation of the North American Free Trade

Agreement (NAFTA), the Clinton government antagonized labor unions, which had long been major supporters of the Democrats in dealing with labor issues. To have an advantage in fighting next year's election, the situation requires the Clinton government to regain the support of the labor unions.

The United Automobile Workers (UAW) union came to take advantage of such a weakness in the Clinton government. Saying "we are not going to accept an agreement if it fails to indicate concrete figures," top UAW leaders applied pressure upon the White House. For USTR Kantor, who feels it is his appointed task to have Clinton reelected, voices of U.S. auto industries and labor unions were virtually a short sword pointed at his back.

Japan Was Ready for Sanctions

Meanwhile, for the Japanese Government, which had a tough going in talks with the United States on semiconductor issues, it was not reasonable to accept U.S. calls for numerical targets. As a result of filing action with the World Trade Organization against the United States, which announced its plan to impose unilateral sanctions, Japan could not help but seek a clear conclusion of the issue. For his part, MITI Minister Ryutaro Hashimoto did not want to make concessions that endangered his political position. In addition, the fact that MITI thickened the line-up of officials of its International Trade Policy Bureau, even by making unusual personnel reshuffles, reflected its readiness to deal with U.S. sanctions.

On 28 June, when the ministerial talks between MITI Minister Hashimoto and USTR Kantor entered the final stage, a senior Foreign Ministry official expressed concern: "I wonder if their careless remarks would hurt each other's feelings, and the talks end in failure."

"My friend Ryu," USTR Kantor said to MITI Minister Hashimoto at a joint news conference held after reaching the agreement. MITI Minister Hashimoto grinned at him for a moment but soon hardened his face. Although the auto talks came to a conclusion by a narrow shave thanks to direct negotiations between the two ministers, it is uncertain whether a sense of mutual distrust between Tokyo and Washington was eradicated.

Background of Auto Dispute Examined

OW1107124295 Tokyo YOMIURI SHIMBUN
in Japanese 1 Jul 95 Morning Edition p 1

[First article of three-part series by YOMIURI SHIMBUN reporter Tsutomu Okamoto: "Japan-U.S. Ties Entering New Stage — Lessons From Auto Talks Settled at Last Moment: Loosening Ties — Dispute Stemmed

From 'Small Friction'; the first paragraph is YOMIURI SHIMBUN introduction]

[FBIS Translated Text] Although Japan and the United States succeeded in heading off a crisis in Japan-U.S. negotiations on the auto and autoparts sector, the talks have left many issues to be solved. There is still lit charcoal left to make a fire. The talks, which came to a conclusion on the brink of trade war, symbolized the fact that there are difficult issues that may endanger post-war Japan-U.S. relations, such as issues concerning security, foreign policies, and economy. To reestablish mutual confidence, the situation requires the two countries to make an overall check on the significance and the mooted points of the recent agreement from a broad perspective.

Just one day before the two countries reached an agreement in the two-year negotiations on the auto and autoparts sector, President Clinton, speaking in a stumping tour in Oregon, said: "Japan is a big stumbling block to the free economy. Successive presidents failed to open the Japanese market."

Columbia University Professor Robert Immerman [name as transliterated] analyzes the situation by saying: "After the end of the Cold War, Washington sees Japan as a heterogeneous country just like the Soviet Union in the days of Brezhnev." Indeed, if one supposes Japan as the Soviet Union and the free economy as the free society, he would have to use the term "Japan problem," as ex-President Reagan did. There is no doubt that underlying Japan-U.S. friction is the U.S. Government's antipathy toward Japan, who is the sole winner of trade after the Cold War. Sanctions To Give a Blow To Both Sides [subhead]

The United States started to take the offensive first with the area of important repair parts (such as brakes). The scale of the repair parts market is 190 billion yen (approximately \$2 billion), 0.5 percent of the auto market. If a cool view of the market was taken, it would have been meaningless for the two countries to have a dispute over such a small area.

Nevertheless, both sides took the plunge and confronted each other. Why were Japan-U.S. relations endangered by such a small autoparts market?

For its part, Japan wanted to put a period to its history of conceding to the United States, as in the cases of textiles, steel, and semiconductors. However, Tokyo failed to do so because they attached more importance to the security issue than trade in the Cold War era. Moreover, Japan could not take a firm attitude because it was faced with the issue of opening the rice market at

the time and partly because GATT did not have power to settle trade disputes.

After the end of the Cold War, however, Japan started importing rice, and GATT developed into the World Trade Organization (WTO), which came with effective functions in settling trade disputes. In this connection, before the recent negotiations resumed, a senior MITI official had said: "We want to see how the WTO works to settle our trade dispute with the United States."

On the contrary, it became unnecessary for the United States to pay special consideration to Japan because of a change in its Soviet strategy after the Cold War, and consequently, bilateral ties have utterly loosened.

In the past, Washington used to level criticisms at Japan when the industrial market, particularly auto business, entered recession. However, this time criticisms were offered in the best business conditions for the three U.S. auto makers. Observers see that this is because the Clinton government, in the face of the presidential election next year, wanted to win United Automobile Workers (UAW) union votes.

Meanwhile, the Murayama government left the issue to bureaucrats and failed to display its leadership in settling the friction. Far from easing trade frictions, politics has amplified them.

After the Cold War, many nations are suffering from the weakening of their own governments, and economic frictions tend to easily become political issues. At the private-sector level, economic interdependence between Japan and the United States has deepened, creating a mechanism in which the exchange of sanctions will lead to hurting both parties.

When Kobe Steel, Ltd. was seriously damaged by the great Hanshin earthquake, the company received successive inquiries from U.S. auto industries because Kobe Steel has a huge share of the market of the valve spring that supports engine inlet and exhaust valves; if Kobe Steel should stop producing them, the Big Three would not be able to produce cars. In the meantime, due to a Kobe Port malfunction that interfered with Mitsubishi Motors Corporation's export of engines to Chrysler Corp., Chrysler executives felt chilled. Those facts underlie Washington's decision that limited sanctions to finished luxury cars. If autopa's are included in the sanctions list, the Big Three would sustain great damage.

Interdependence between high-technology industries of both Japan and the United States has been further promoted. In the past, when the issue of Japan's export of liquid crystal displays to the United States was called into question, U.S. makers filed an antidumping action

but later withdrew it. This is because the ban on imports of liquid crystal displays would give a serious blow to U.S. computer makers. This case reflects how borderless the economy is becoming.

Promotion of Market Opening Needed

The clincher that brought the auto talks to a conclusion is Japanese auto makers' plans to increase overseas production. However, attention should also be paid to the fact that "no matter whether the talks came to a conclusion or ended in failure, our increase in overseas production is a trend of the times" (according to a leading auto maker).

However, at the same time, the Japanese makers should make efforts to open the market. It is necessary for Japan to make its market easy for foreign firms and products to access. In this sense, politicians are required to recognize the situation, promote reform of the Japanese market, and prevent friction in each trade area from spreading to overall Japan-U.S. relations.

Japan itself is required to establish new trade relations in the new era.

New Approach to Trade Negotiations Urged

OW1007124895 Tokyo SANKEI SHIMBUN
in Japanese 4 Jul 95 Morning Edition p 11

[Last article in a three-part series by Washington correspondent Seiji Yajima: "Defective Auto Agreement: Lessons From Last-Ditch Efforts at Avoiding Sanctions — Formulating a New Approach To Solving Problems"]

[FBIS Translated Text:] Following the collapse of the Cold War structure, the United States began leaning more toward a "policy of giving priority to domestic interests," and in the course of that collapse, U.S. President Bill Clinton's administration has striven to strengthen and protect U.S. businesses, feeling that "economic strength replaces military power as the key to maintaining security." Circumstances were such that Japan, too, "could not help but inevitably become nationalistic due to the collapse of the former Soviet Union and the emergence of the Japanese younger generation" (according to former U.S. State Secretary Henry Kissinger). The Japanese-U.S. auto trade dispute prevailed under such historical perspectives.

The Clinton administration's strategy was the so-called results-oriented policy under which "concrete results were sought." Japan was pressed to set up numerical targets and pledge to attain such targets, which violate the principles of free trade. This was followed by threats of "sanctions." U.S. Trade Representative (USTR) Mickey

Kantor entered into trade negotiations with the traditional U.S. view that "Japan will concede in the end."

In Japan, however, nationalistic sentiments against such a U.S. attitude were beginning to mount. It cannot be denied that such a background was linked to the fact that Japan and the United States came close to a head-on collision. As a matter of fact, on the morning of 28 June, the deadline set by the United States for imposing sanctions against Japan, the USTR had prepared a statement in case the trade negotiations broke down, and Yoshihiro Sakamoto, deputy vice minister of the Ministry of International Trade and Industry (MITI), had taken a gloomier outlook on the prospects, saying: "The situation has not changed."

There are still many points that have not been clarified as to what Kantor based his decision on to avoid a breakdown in the trade negotiations. The NEW YORK TIMES has introduced a theory that this was because everybody became scared of the outcome of the largest trade sanctions in history, a trade war between Japan and the United States. It can be presumed that President Clinton and Kantor must have certainly taken into consideration the results of a Japan-U.S. trade war that would have had an impact comparable to that experienced in past military conflicts. It can also be assumed that MITI Minister Ryutaro Hashimoto, who has been introduced in U.S. newspapers as a prospective candidate for Japan's next prime ministership, had similar thoughts.

The circumstances here are reflected in the joint Japan-U.S. statement on the auto accords, which can be described as "unprecedented," in that no references were made to the figures designated in the five major Japanese automakers' voluntary business strategies — the deciding factor in the auto accords — and the U.S. Government announced figures it unilaterally calculated in its own version of the accords. While saying that the Japanese Government would not interfere with automakers' plans, Hashimoto gave Kantor a detailed briefing on the plans in the end.

Of course, there is a strong possibility that the U.S. figures, which include figures on increased auto parts purchases and the number of Japanese dealers handling foreign automobiles, may gain momentum as a problem on its own, giving rise to the strong likelihood of a resumption of the Japan-U.S. automobile dispute. However, there are glimpses that a new approach to improving Japan-U.S. economic relations may emerge as a result of the latest, unprecedentedly tough bilateral trade negotiations.

Senator Bill Bradley, a Democrat with considerable influence over the Clinton administration's trade policies,

contributed an article to a U.S. newspaper just before the sanctions deadline, pointing out that "it is a mistake to impose sanctions against Japan." In the article, the senator made the following proposals: 1) to set up a dispute-resolving panel that is independent of the government to prevent political elements from entering Japanese-U.S. trade disputes; and 2) for Japan and the United States to initiate a new round of multilateral trade negotiations called the "Clinton Round" to draw up new rules under the World Trade Organization (WTO) that will apply to exclusive trade practices and other matters.

A collision between Japan and the United States would not only immeasurably impact on the two nations' economies but also on the world economy and the WTO, which has just been created. Japan and the United States have just averted a trade war by successfully concluding the latest auto negotiations. Is it not time for the two nations to use this as a lesson toward considering taking such a new, constructive approach in the future?

Need To Improve Japan-U.S. Ties Discussed

OW1107133495 Tokyo YOMIURI SHIMBUN
in Japanese 3 Jul 95 Morning Edition p 1

[Last article of a three-part series by Washington correspondent Akira Saito: "Japan-U.S. Ties Entering New Stage — Lessons Learned From Auto Talks Settled at Last Moment: Dangerous Live Coal; Revision of 'Characteristics of Both Axes' for the Better Is Urgent Task"]

[FBIS Translated Text] In April this year, just before he died suddenly, Dr. Gaston Segal [as transliterated] — who was a special assistant to the president and concurrently assistant secretary of state (for East Asia and Pacific affairs) during the Reagan administration and served to improve relations between Japan and the United States — spoke feelingly, saying: "Trade and economy, although they are important parts of the ties of alliance, will endanger those ties if they stand alone. Since the Clinton administration has been in power, this tendency has become extremely strong and is having a negative impact on overall Japan-U.S. relations."

Cause of Friction Remains

The issue of Japan-U.S. auto dispute was settled in such a way that both countries were able to avert a "war." However, it is too early to think that bilateral ties will improve at a stroke. That is because the Japanese and U.S. stands are completely different, and there are many primary causes of friction when it comes to trade and economic issues in particular.

The United States is "the world's biggest consumer nation," "the world's largest importing nation," "the

world's largest debtor nation," and has "the world's largest trade deficit." In contrast, Japan is "the nation with the world's highest savings rate," "the world's biggest exporting nation," "the world's largest creditor nation," and "the nation with the world's largest trade surplus." Their stands are completely opposite.

Nevertheless, the ties between the two countries were firmly maintained by the "Japan-U.S. Security Treaty" during the U.S.-Soviet Cold War era.

However, the United States has gone through significant changes since the Clinton administration was inaugurated. Since the special legislative measures of 1947 [as published], "national security," which was believed for a long time to be the foundation of U.S. diplomacy, has retreated; instead, "economic security" has begun to play a major role.

In November 1994, Secretary of State Christopher made a keynote speech on Asian diplomacy at Boeing Corporation headquarters in Seattle, saying: "My job is to sell as many U.S.-made passenger aircraft as possible to other countries." This declaration is a sign of change on the part of the United States.

The declaration gives an impression that the United States has abandoned its mission of continuously playing the role of a driving force in the post-Cold War world and has adopted "merchant diplomacy" instead, blinded by immediate profits.

Reflecting the nationwide willingness to attach importance to domestic matters, the Republican Party, too, is changing its stance toward other countries. Traditionally, the Republican Party has been critical of economic protectionism. During the recent auto dispute, however, the same party continued to give tacit approval to the Clinton administration's hard-line stand toward Japan.

At the beginning of the auto talks, the U.S. trade representative threw a strong punch called sanctions, imposing 100-percent tariffs on Japanese goods. This was exactly in line with the Clinton administration's strategy of giving the economy top priority.

One senior State Department official explains the U.S. switch to a hard-line stand toward Japan by saying: "We highly valued the role the Liberal Democratic Party played in containing the Soviet Union. Because of this, we closed our eyes and kept our dissatisfaction over trade with Japan to ourselves. Now, however, our important diplomatic task is to correct the trade imbalance, sell U.S. products, and create jobs."

As if acting in concert with the senior State Department official, the White House commented on a movement that came into being in the wake of the so-called "Nye

initiative," in which the Department of Defense stressed strengthening the post-Cold War Japan-U.S. security alliance aimed at promoting more concrete talks on bilateral security. It is said that the White House put brakes on the movement, saying that, of late, "there is a possibility that our economic message to Japan may get out of focus."

Tangled Intentions for Presidential Election

However, the call for liberalization of the Japanese auto and parts market, which amounts to less than 0.2 percent of the U.S. gross domestic product (GDP), has been blown out of proportion. This can be attributed to domestic political factors related to next year's presidential election rather than to economic motives.

According to an analysis by the Republican Party's national committee, it is inevitable that President Clinton will win in the so-called "blue collar states" — Michigan, Ohio, Pennsylvania, Illinois, and Indiana. All these states are strongholds of the United Automobile Workers (UAW) union.

In the 1968 presidential election, Republican candidate Nixon spelled out "regulations on import of Japanese textiles" in lieu of accepting "reversion of Okinawa," to win in the southern states. Richard Finn, then chief of the State Department's Japan division, said: "Nevertheless, at that time, both countries had something to bargain for. Now we are in a risky situation because we have only the economy and trade."

The "dangerous live coal of the trade imbalance" will continue to smolder between Japan and the United States unless the opposing economic characteristics of the United States, a "major consumer nation," and Japan, a "savings nation," are revised. Both countries need to buckle down to the task of revising the characteristics of their economy for the better by displaying true political leadership.

U.S.-Japan Relations Said Entering New Stage

OW1107124695 Tokyo YOMIURI SHIMBUN
in Japanese 2 Jul 95 Morning Edition p 1

[Second article in three-part series by Tamotsu Asami: "Japan-U.S. Ties Enter New Stage — Lessons Learned at the Last Moment: 'A Cold War Habit: Politics That Lack a Broad View']

[FBIS Translated Text] It happened on the night of 5 June as the auto and auto parts dispute between Japan and the United States was coming to the boil. At the Japanese Society in New York, a discussion entitled "Japan-U.S. Relations in the 21st Century and Beyond," was held between Sadako Ogata, UN High

Commissioner for Refugees, and David Halberstam, former NEW YORK TIMES reporter and author of a book on the Japan-U.S. auto dispute.

"Japan-U.S. relations are currently in their worst state in the post-war era."

To start the discussion, a coordinator introduced a comment by Columbia University Professor Hugh Patrick. In comments following the introduction, however, both Ogata and Halberstam stressed: "The framework of Japan-U.S. relations has not been shaken up." People assess the Japan-U.S. relations differently.

Fragile Administration That Cannot Debate

What we cannot overlook, though, is that even majority of optimists would add the caveat to this remark that, "nevertheless, appropriate political leadership is indispensable."

A senior Liberal Democratic Party member was heard to complain about the current political situation: "A prime minister would say to bureaucrats about to attend negotiations with the United States, 'well, do not fight too hard.' As soon as a prime minister said something like this the bureaucrats would understand the cabinet's policies. That is how things went in the past. Did it happen this time?"

One could reasonably counter this by saying that, unlike the good old days of the Cold War era — when there was not much room left for debate over policy outline — things these days are more complicated. If this is the case, then there is all the more reason why both countries should explain their political intentions, including "the future of Japan-U.S. relations" and "the future course of Asia-Pacific strategy."

In the current negotiations, though, the only thing that stood out was "hard work" by Ryutaro Hashimoto, minister of international trade and industry. Within the government, "there was a feeling that officials should not express objections at all" against the government's policy of standing up to the United States (according to a senior Ministry of Foreign Affairs official). We can say this is a result of the political expectation that thorough discussion could create a gap in the coalition government, which has only fragile foundations, and that bureaucrats, who sensed such concerns, tried not to create a stir.

Symbolized by "Diet members who lobby for a particular industry," ministries have many specialists. Overall, Japanese politics has a tendency to lack general views, and lacks an understanding of the main points of issues.

When the Cold War ended, Japan and the United States lost their "common enemy" the Soviet Union, which was

one of the factors they needed to maintain their alliance. At the same time, Japan-U.S. relations relaxed.

However, this is a "chance for Japan to take the lead in reconstructing Japan-U.S. relations, after the United States consistently took the leadership role from the end of World War II." This is what Tokyo International University Professor Sugihisa Hara, author of "Shinsuke Kishi," insisted recently.

The reality is different. Professor Hara says: "The end of the Cold War relaxed Japan's domestic politics as well." He says the coalition administration's powerless state is a symbol of the current political situation.

From Stand of Confronting the United States

Japanese and American specialists on security matters held a symposium in Atlanta, Georgia, in early April. Patrick Cronin — senior researcher of the National Defense Academy and reportedly the author of the "Report on East Asian Strategy," which the U.S. Government announced recently — also attended the symposium.

During the symposium, Japanese attendants held their breath momentarily. They did so because, as soon as the topic of discussion changed to the DPRK (North Korea), Cronin declared "we are taking action aimed at forming a 'mild alliance' with North Korea."

Following fierce opposition from Japan, the United States changed the word "alliance" to "cooperative relations" and the symposium proceeded smoothly. Nevertheless, it is obvious the United States is gradually mapping out a post-Cold War Asia-Pacific strategy that attaches "importance to the economy" and is considering Japan-U.S. relations within the framework of such a strategy. However, Japan is unable to rid itself of Cold War era habits. The reality is that Japan has no blueprint for a new relationship with the U.S. and is at a loss when dealing with the issue.

It may be true that the Clinton administration's uncertain policies are to blame for many problems. Regardless of the problems, however, Japan must "reinstate its politics" in a hurry and hope for an America without "Clinton."

Automakers' Voluntary Procurement Plans Assessed

OW1107140895 Tokyo NIHON KEIZAI SHIMBUN in Japanese 2 Jul 95 Morning Edition p 3

[Last article of two-part series by NIHON KEIZAI reporter Hitoshi Saito: "Was the Japan-U.S. Gap Bridged

After Stormy Auto Talks?: Makers Who Avoided Taking a 'Bold Step']

[FBIS Translated Text] The key to the conclusion of the Japan-U.S. auto negotiations was a "global plan" for voluntary procurement expansion that five major auto makers announced in the early morning of 29 June. Toyota Motor Corp., Honda Motor Corp., and other motor companies announced their plan to boost their production of finished cars in North America. Demonstrating its high hopes for this plan, the U.S. Government presented its own estimate saying: "By 1998, 500,000 more cars will be produced in North America." However, one should know that Japanese makers' business activities are not fully reflected in this global plan.

Global Plan Which Lacks Something

An auto maker who could launch a new vision in its global plan is Toyota, through its announcement of an early establishment of its third U.S. plant. Amid the intensifying auto dispute, Toyota took action to avert sanctions while linking with the U.S. Government and its business ally, General Motors (GM). This may be a reason for Toyota's bold operation plan.

On the other hand, the four other makers could not take as drastic measures as Toyota. Nissan announced that "it is now studying establishing a new local U.S. plant for a transmission assembly" on condition that "the plan would be implemented in 1995 or later." However, this can be interpreted as "no new plant will be set up before 1998." A top Nissan executive says: "Considering the exchange rate, we have no choice but to rely on local production." If the high yen trend is here to stay at the exchange rate of 1 dollar per 80-85 yen, Nissan must also start producing transmissions in the United States — the most fundamental auto part. However, a sense of crisis over the industrial hollowing-out and diminished employment at home made Nissan cringe and its global plan mediocre.

The situation is the same with Honda, which said in its global plan: "Auto production in the United States will be increased from the current 610,000 to 720,000 units in 1997." Initially, Honda planned to start in the United States the mass production of its hit "Odyssey" model, which was put on the market in October 1994. With the yen's appreciation, it was a natural decision to make. In the end, however, Honda chose the Sayama plant in Sayama city, Saitama Prefecture, for the production center to avoid the hollowing-out of this domestic plant.

Among its 1,500 auto units Sayama plant produces every day, 900 are Odysseys. "If Odyssey production drops, approximately 1,000 of our 5,500 employees

could become surplus" (as stated by a senior Honda executive). Even so, should the yen's appreciation further progress, it would become clearer which way is better: domestic production or local production in the United States.

Copying "Plans of Bureaucrats"

"It is the same as the guidance given by the Ministry of International Trade and Industry (MITI)," said an auto industry executive after examining Mazda Motor Corp.'s voluntary plan. Prior to the announcement of the global plan, MITI gave five major makers guidance for formulating it. MITI instructed them to "set no figures for auto parts purchases" in their plans. It also suggested such guiding principles as "promotion of globalization" and "promotion of localization." Mazda's plan was only a copy of the MITI guidance.

It does not mean MITI controlled Mazda. To conceal its business strategies, this auto giant copied "plans given by bureaucrats." When it comes to the expansion of foreign-made auto parts procurement, the point at issue in the Japan-U.S. auto negotiations, Mazda already knew of the need for inexpensive imported auto parts procurement for its survival. For Mazda, a call for "an increase in foreign-made auto parts purchases" was repeatedly generated by its members even before pressure was brought on the company. Despite this, Mazda avoided using clear-cut expressions in its global plan because of a possibility that it could damage Mazda's ties with its affiliated auto parts makers.

The main pillar of the five car makers' voluntary plans is the expansion of overseas production, which gives the showy image of an international division of labor. However, in terms of both production and parts procurement, no car maker dared mention delicate matters that would urge them to make an awkward decision on management: "at home or abroad."

It is pointed out that, in the process of implementing voluntary plans, the gap among car makers will enlarge. However, the actual management situation and the "speed" of business activities have already been beyond the scope of voluntary plans, which were formulated by car makers under MITI's instructions.

Trade Imbalance Created by the Private Sector

In a series of Japan-U.S. consultations, Japanese car makers had always hidden themselves behind the government, maintaining that the "private sector has nothing to do with negotiations between the governments." They did not take the initiative even in announcing voluntary plans. However, business activities have already

crossed national borders and gone beyond the scope of the government's control.

Honda President Nobuhiko Kawamoto says: "A trade surplus has been produced in the private sector's trade. For their part, companies need to try to correct the trade imbalance as much as possible." What is currently needed for Japanese makers is not to improve the appearances of their voluntary plans, an "ostensible trump card," but to take the initiative in doing something to correct trade imbalance between the two countries. Now that Japanese car makers' intentions to pursue their own business growth and profit has not conformed to national interests, their awkward position was clearly reflected in the Japan-U.S. auto negotiations.

Differences Remain in Aviation Talks With U.S.

OW1207114395 Tokyo KYODO in English
1128 GMT 12 Jul 95

[FBIS Transcribed Text] Tokyo, July 12 KYODO — Large differences remain as senior Japanese and U.S. Negotiators prepare to resume air cargo talks with the United States mulling trade sanctions, officials said Wednesday [12 July].

Two days of vice-ministerial talks through Friday will end the same day as a U.S. period for public comment on the proposed sanctions over Japan's refusal to grant new cargo routes to U.S. carriers.

Tensions are growing as the U.S. begins to contemplate the sanctions and Tokyo prepares countermeasures, although both sides made progress in talks earlier this month in Washington, Japanese and U.S. officials said.

"Depending on the amount of progress, the talks could be extended to Saturday and it's possible they could be switched to the cabinet level," a Japanese Transport Ministry official said, but the two sides remain apart on the basic issues.

The main sticking point is the U.S. call for immediate approval of routes for Federal Express Corp. to its new Asian hub in the Philippines through Narita Airport outside Tokyo and Kansai International Airport in Osaka Bay, western Japan.

The U.S. has trimmed its demand from 11 routes to seven, officials say, but the U.S. says Japan must immediately honor the request as it falls under "beyond rights" that Federal Express and two other U.S. carriers already hold under a 1952 bilateral treaty.

Tokyo demands revision of the treaty, which it says unfairly locks in the occupation era imbalance of power, in which the U.S. had overwhelming dominance. Wash-

ington has maintained it will not discuss renegotiating the treaty until Tokyo honors its existing commitments.

Each side also says the other is making excessive demands for new routes — to the rest of Asia through Japan and to the rest of the Americas through the U.S.

The U.S. showed flexibility in the Washington talks on recognizing the unfairness of the treaty, officials have said. But an accord is not in sight as both sides differ on 10 or so points, such as routes and numbers of flights, said a Transport Ministry negotiator.

U.S. officials say there is no set deadline for deciding whether to impose sanctions if there is no accord, but Transportation Secretary Federico Pena proposed last month barring Japan Airlines and Nippon Cargo Airlines from shipping cargo to the U.S. on flights through Japan from Hong Kong, Taiwan, Singapore and Thailand.

Japanese Transport Minister Shizuka Kamei quickly responded that Tokyo would "have no choice but to take appropriate steps," which informed sources said would be to bar all Asia-bound U.S. cargo flights through Narita.

Joseph McCarthy, Federal Express senior vice president, said in Tokyo earlier this month that a sanctions war would hurt Japanese businesses more than the U.S.

And if Federal Express cannot get the routes it wants, "the price will be paid by the Japanese business community, particularly multinational exporters of high-value goods such as microprocessors," McCarthy said.

NCA Opposes U.S. Aviation Sanctions

OW1007124995 Tokyo KYODO in English
1124 GMT 10 Jul 95

[FBIS Transcribed Text] Tokyo, July 10 KYODO — Nippon Cargo Airlines (NCA) has filed a petition with the U.S. Department of Transportation opposing threatened U.S. sanctions over a civil aviation dispute, company officials said Monday [10 July].

The officials said the petition, dated Friday, argued that the existing civil aviation pact between Japan and the United States is unfair and greater rights for Federal Express of the U.S. will further expand the imbalance.

The company said it will ask the Japanese Government to scrap the aviation treaty if Washington invokes the sanctions, they said.

Japan Airlines (JAL) has submitted a similar appeal to the U.S. Government on Friday.

The U.S. has threatened to impose sanctions against JAL and NCA if Japan refuses to grant Federal Express the right to transport cargo to Asian destinations via Japan.

PHS May Cause Trade Dispute With U.S.

*OW1007125095 Tokyo KYODO in English
1111 GMT 10 Jul 95*

[FBIS Transcribed Text] Tokyo, July 10 KYODO — Japan-U.S. friction is likely to bubble up in yet another area as bilateral meetings approach on the new market for personal handy-phone system (PHS), Japanese officials say.

Unhappy with the U.S. share of the business supplying the industry, which was launched Saturday [8 July] in the Tokyo area, U.S. officials are expected to push for an affiliate of giant Nippon Telegraph and Telephone Corp. (NTT) to be held to the same terms as NTT under a recent bilateral agreement, the officials said.

The two sides will hold working-level meetings Thursday in Tokyo on government procurement of telecom equipment, following up a sector agreement under a bilateral trade "framework," and July 21 in San Francisco on a parallel agreement on NTT procurement.

The Americans will likely say they are not satisfied with Japanese companies' purchases of U.S. equipment for the PHS market, which analysts predict may enjoy explosive growth, and the negotiators will push for more openness in procurement practices, Japanese officials said.

Tokyo will respond that as the procurement agreements were reached only in April, more time is needed for results to appear, they said.

PHS, much cheaper than existing cellular phones, relies on a vast network of tiny relay stations posted a few hundred meters apart, for instance on telephone polls. Analysts say 8 million to 15 million Japanese could use the system in just five years.

The pressure for a bigger U.S. share is apparently rising, with a senior American Electronics Association official expressing concern that foreign market share could fall below last year's levels.

Hashimoto Assures Australia on Auto Trade Deal

*OW1107061895 Tokyo KYODO in English
0556 GMT 11 Jul 95*

[FBIS Transcribed Text] Tokyo, July 11 KYODO — Trade minister Ryutaro Hashimoto assured Australian trade minister Peter Cook on Tuesday [11 July] that the recently concluded Japan-U.S. car trade deal will not

exclude Australian car parts makers, a ministry official said.

Cook, minister for industry, science and technology, expressed concern in a brief meeting with the Ministry of International Trade and Industry (MITI) chief that there could be "de facto" pressure on Japanese carmakers to buy U.S. parts as a result of the June 28 deal, the MITI official said.

Hashimoto replied that there was no concern over "discriminatory" buying by the Japanese companies and cited a new international purchasing system by Toyota Motor Corp. that is designed to procure high-quality, low-cost parts regardless of the source, the official told reporters.

Cook, who is in Japan on a five-day mission with representatives of 14 Australian parts makers, appeared satisfied with the explanation and did not explicitly seek MITI's efforts to ensure that the deal does not lead to discrimination against third-country companies, the official said.

Hashimoto stressed that the Japan-U.S. auto deal, struck in Geneva just hours before U.S. President Bill Clinton was to invoke trade sanctions on Japan, was reached under global trade rules and would apply on a most-favored-nation basis to other countries.

In the agreement, the United States included its projections for increased Japanese carmakers' purchases of U.S. parts, among other things, but Japan explicitly said it had no part in drawing up the numbers, which the U.S. compiled itself from the automakers' business plans.

Australian Report on French Nuclear Tests Denied

*OW1007154995 Tokyo KYODO in English
0955 GMT 10 Jul 95*

[FBIS Transcribed Text] Tokyo, July 10 KYODO — Japan has no immediate plans to take joint action with Australia to protest over French nuclear tests in the South Pacific, a top Foreign Ministry official said Monday [10 July].

"So far, there has not been any specific discussions (with Australia) on this matter," Vice Foreign Minister Kunihiro Saito said, denying reports from Australia that the two countries are discussing possible actions together.

Saito told a press conference that Japan has not yet decided whether to take some kind of action with other countries in protest over the eight nuclear tests France is planning.

Tokyo has conveyed, and will continue to convey, its disapproval to France on various occasions, he said.

Australian Deputy Prime Minister Kim Beazley reportedly indicated during a radio program that Australia would seek Japan's support in a tougher campaign opposing the planned French nuclear tests and that the two countries are already discussing the matter.

Saito said the ASEAN regional forum (ARF) may take up the issue of nuclear testing by China and France.

The ARF, established last year, brings together the six-nation Association of Southeast Asian Nations (ASEAN) and its dialogue partners such as Japan, the United States, China, Russia and South Korea. ASEAN is made up of Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

Nuclear Waste Project With Russia Delayed

*OW1007154295 Tokyo KYODO in English
0856 GMT 10 Jul 95*

[FBIS Transcribed Text] Tokyo, July 10 KYODO — A Japanese-Russian project to build a disposal plant for Russian liquid nuclear waste near Vladivostok is badly behind schedule due to slow progress on the Russian side, Foreign Ministry sources said Monday [10 July].

The Russian Government is taking time in reconciling different views held by Moscow and Vladivostok authorities concerning the project, the sources said.

The project, to be funded by a \$100 million Japanese grant to help Russia dismantle its weapons of mass destruction, involves construction of an offshore dock in the Russian Far East equipped with radioactive waste storage and disposal facilities.

The two countries reached an agreement on the project after the disclosure of Russia's dumping of liquid radioactive waste in the sea of Japan in October 1993.

The project is now at the stage of selecting companies from among eight groups which have bid for construction contracts, but selection is not proceeding smoothly, the sources said.

The dock was originally expected to be completed by the end of last year, but is now likely to be delayed until late 1996 at the earliest, they said.

Russia has not resumed dumping of liquid nuclear waste in the Sea of Japan since October 1993.

Official: Tokyo, Moscow To Hold Economic Meeting

*OW1107123695 Tokyo KYODO in English
1029 GMT 11 Jul 95*

[FBIS Transcribed Text] Tokyo, July 11 KYODO — Japan and Russia will hold a subcommittee-level meeting Friday [14 July] in Tokyo to discuss bilateral trade and

economic affairs, Foreign ministry Spokesman Terusuke Terada said Tuesday [11 July].

Japan's Deputy Foreign Minister Sadayuki Hayashi and Mikhail Fradkov, Russia's first deputy minister for foreign economic relations, will meet at the Foreign Ministry to prepare for the establishment of a Japan-Russia cabinet-level economic and trade committee, Terada said.

Japanese Foreign Minister Yohei Kono and Russia's First Deputy Prime Minister Oleg Soskovets agreed last November in Tokyo to set up the committee.

The committee is intended to discuss such issues as bilateral economic and trade problems, investment and economic reforms.

Hayashi and Fradkov are expected to discuss the functions and composition of the committee, Terada said.

Topics for ASEAN Regional Forum in Brunei

*OW1107112995 Tokyo SANKEI SHIMBUN
in Japanese 9 Jul 95 Morning Edition p 1*

[FBIS Translated Text] As of 8 July, topics to be on the agenda at the ASEAN Regional Forum (ARF) to begin 1 August in Brunei have been firmed up. Japan has demanded that ASEAN member countries submit and publicize documents covering the transparency of national defense policies, the territorial dispute over the Spratly Islands in the South China Sea, and cooperation in UN peacekeeping operations (PKO). However, it is expected that this matter will be left up to the discretion of each member country.

The ARF consists of 18 countries and organizations, including ASEAN countries, Japan, the ROK, China, Russia, the United States, Canada, Australia, and the EU. Its purpose is to promote dialogue on political and security affairs in the Asia-Pacific region at the foreign ministerial level. The upcoming event will be the ARF's second meeting, following one in Bangkok last year. Although the first meeting ended as a mere "showing of faces," it is expected that in-depth discussions toward working out concrete accords will be held this time.

Through high-level talks and other informal negotiations, agreement has already been reached on the following points: 1) promotion of measures to foster mutual confidence; 2) progress in conflict-preventing diplomacy; and 3) positive approaches to resolving conflicts.

One focal point of the expected topics on the agenda is the issue of transparency of national defense policies and military spending. In the Asia-Pacific region, there are some countries, like China, about whose military power information is not transparent. Consequently,

Japan and Australia, among other countries, have demanded that governments mutually submit and publicize documents regarding their national defense policies as part of measures to foster mutual trust.

At one time, the Japanese Government proposed that each country compile a "white paper" in which information, even on such aspects as troop deployment, would be given in detail and made public, like the Japanese "White Paper on National Defense." However, many countries objected to the idea of immediately publicizing such information; as a result, it is expected that countries will do so only on a "voluntary submittal" basis.

In addition, it is expected that agreement will be made on, among other matters, cooperation in PKO activities via seminars and other events, promotion of countries' participation in the UN armaments registration program, and expanding the scope of personnel exchanges to include participation by uniformed officers. Moreover, such issues as the intensifying disputes among China, the Philippines, and the SRV over territorial rights to the Spratly Islands; the problem of nuclear nonproliferation; and the bitter protests of Australia and other countries against France's announced intention to resume nuclear tests will be on the ARF's agenda.

Study Begins To Help Boost Asian Oil Reserves

*OW1007103595 Tokyo KYODO in English
0831 GMT 10 Jul 95*

[FBIS Transcribed Text] Tokyo, July 10 KYODO — The Ministry of International Trade and Industry (MITI) has launched a study on ways to assist Asian nations in boosting crude oil reserves to meet growing demands in the future, ministry officials said Monday [10 July].

The officials said the study involves technological cooperation for construction of storage facilities and support for consolidation of the legal system.

The possibility of Japan providing support through multinational groupings such as the Asia-Pacific economic cooperation forum is under review, they said.

The ministry estimates that crude oil demand in 11 Asian economies, including Japan, China, South Korea and Thailand, will grow at an annual rate of 4.0 percent until 2000 and at 3.9 percent thereafter, the officials said.

Combined demand in 2010 will be double that in 1992, they said.

China, now a major oil exporting nation in the region, will become a net oil importer within 15 years, with

imports accounting for 40 percent of its domestic demand, the officials said.

The officials are concerned that most Asian countries import crude oil from the Middle East, and the collapse of the existing supply-demand balance would affect Japan's crude oil imports in the future.

Most Asian nations have a low awareness of the importance of crude oil reserves, the officials said, noting that exceptions include South Korea, the Philippines and Thailand, countries which have experienced a severe oil crisis, the officials said.

The ministry has appealed to APEC members to jointly formulate a supply-demand outlook for sources of energy and to call attention to the importance of oil reserves, the officials said.

Tokyo To Help Beijing Utilize Coal Resources

*OW1107123395 Tokyo KYODO in English
1000 GMT 11 Jul 95*

[FBIS Transcribed Text] Tokyo, July 11 KYODO — Japan plans to help China better utilize coal as a major energy source, International Trade and Industry Ministry (MITI) officials said Tuesday [11 July].

Tomio Tsutsumi, MITI vice minister, will inform China of the plan at a subcabinet-level meeting opening in Beijing next Monday, the officials said.

Under the plan, Japan will assist China in preparing a national supply and demand outlook for coal and provide technology for high-efficiency combustion of the fuel, they said.

Ministry officials and coal experts from China's State Planning Commission are expected to hold a meeting July 19 to discuss details of the plan.

Japan and China will hold annual meetings on coal from next year, the officials said.

China is the world's largest coal producer, with 1994 production exceeding 1.2 billion tons, or 30 percent of the world output, the officials said.

Domestic consumption of coal in China in 1994 totaled 1.1 billion tons, 10 times Japan's consumption and accounting for 76 percent of the nation's primary energy consumption, they said.

Philippines Asking for Rice Supplies

*OW1007085195 Tokyo KYODO in English
0755 GMT 10 Jul 95*

[FBIS Transcribed Text] Tokyo, July 10 KYODO — The Philippines has asked for rice supplies from Japan,

which last month agreed to deliver 300,000 tons of rice to North Korea, a senior farm official said Monday [10 July].

Hirofumi Ueno, vice minister of Agriculture, Forestry and Fisheries, told reporters that Japan could meet the request if North Korea does not seek additional rice supplies on top of the 300,000 tons.

He declined specific comment on the Philippines request, saying only that it closely follows the contract to supply rice to North Korea, which is also suffering from a serious food shortage.

The Philippines, which has been hit by a sharp rise in rice prices, plans to make emergency imports of 220,000 tons of rice and has asked Thailand, Vietnam and China, as well as Japan, for rice imports.

Japan previously provided 200,000 tons of rice to the Philippines between 1971 and 1974.

Tokyo Extending Farm Projects Loan to Manila

OW1007020995 Tokyo KYODO in English
0133 GMT 10 Jul 95

[FBIS Transcribed Text] Tokyo, July 10 KYODO — Japan and the Philippines agreed Monday [10 July] on Japanese official yen loans worth 100.9 billion yen to finance 14 projects to reform Philippine farmland and develop rural areas, the Foreign Ministry said.

Philippine Foreign Secretary Domingo Siazon and Japanese Foreign Minister Yohei Kono exchanged documents on the aid at the outset of their talks at the Foreign Ministry, the ministry said.

The 30-year loan, with a grace period of 10 years, carries an annual interest rate of 2.7 percent. For environmental projects, the interest rate will be 2.5 percent, it said.

The aid will cover 13 projects designed to develop rural areas and a project to beef up infrastructure to reform farmlands, the first time Japan has given aid to the Philippines for such purposes.

Three of the projects are environmental projects, it said.

The loans include 6.1 billion yen for farmland reform, 30.7 billion yen to develop Cebu and 12.8 billion yen to repair roads in 11 provinces.

EAP's Komura Elaborates on 'Standstill' Economy

OW1107111295 Tokyo KYODO in English
0353 GMT 11 Jul 95

[FBIS Transcribed Text] Tokyo, July 11 KYODO — Japan's economic recovery has come to a standstill, the government announced in its official report Tuesday [11

July], giving a more pessimistic assessment than the "moderate recovery phase" of the past months.

Masahiko Komura, director general of the Economic Planning Agency, elaborated on the official assessment by telling a news conference after a cabinet meeting, "although the current levels of corporate capital spending and private consumption should have the energy to bring about economic recovery, the high yen and other factors are forcing such (potential) recovery to come to a standstill."

His remarks corroborate the report's view that "the trend of mild economic recovery has come to a halt."

The monthly report — prepared by his agency — was presented to the day's meeting of economic ministers.

The agency, which last September effectively declared the economy's emergence from a long recession that began in May 1991, was apparently forced to reverse its view in response to a recent series of dismal statistics and trends.

Among these are the long depression of stock prices, the strength of the yen, the decline in industrial production and the slumping real estate market. Near-zero growth in last fiscal year's real gross domestic product, creeping fears of deflation and a heavy weight on banks due to nonperforming loans are also negative factors.

Asked by a reporter whether the economy is receding, Komura replied, "if the economy is receding, we would have written (in the report) that it is receding."

"If the government fails to take measures, the economy would recede," the minister said.

"The government wants to place the economy (back) on a recovery path by taking such measures and thereby preventing such a development," he said.

However, he said the government has now in mind only the second supplementary budget it had earlier vowed to compile in autumn as such pump-priming measures.

The nation's top economic planner said he and his colleague ministers have not discussed further stimulus measures that might be necessary in addition to the extra budget slated for fall, in addition to the supplementary budget.

Komura denied the much-talked-about speculation that the Japanese economy is now amidst deflation, especially asset deflation.

"The economy is not suffering from deflation. However, as we are facing concerns about deflation, we will conduct (appropriate) economic management to prevent damage being inflicted upon the economy," he said.

The latest reassessment in the report was presented to the nation amid growing criticism that the agency has not correctly grasped the reality of the Japanese economy.

Last week, Bank of Japan Chief Yasuo Matsushita also painted a gloomier picture, saying, "economic recovery has stalled a bit."

These movements followed the government's new pump-priming package in June, which proved discouraging on the economic front as it was widely seen as containing few fresh steps.

The report said the economy was previously on a recovery path paced by public investment and housing investment.

The Japanese economy is now in "a transitional phase from a pickup to recovery led mainly by personal consumption and corporate capital spending," the report said.

However, this stage of mild economic recovery has come to a standstill, the report said, citing flat exports, a pause in output growth and slow recovery in corporate confidence.

It pointed to frail housing investment, the strong yen and the slowing U.S. economy as factors behind the phenomenon.

Finance Minister Masayoshi Takemura echoed Komura's anxieties over the yen's persistent strength, telling a separate news conference, "because of the high yen and other factors, economic recovery could not yet be accomplished smoothly."

As a way to make recovery certain, the report emphasized the need for steady implementation of the June 27 economic stimulative package, designed to effectuate a set of steps released in April to combat the strong yen.

Public works projects should be carried out smoothly and such fiscal steps should be additionally budgeted in the second half of this year, the report said.

Komura expressed strong expectations on the vitality of the private sector such as private consumption and corporate capital outlays, saying, "it is the private sector that will take up the task (of stimulating the economy) if the government shows the direction in which it should proceed."

Deregulation should be promoted further while ways should be ensured to stabilize employment and to alleviate hardship gripping small firms, it said.

The report also cited the need to restore order in the battered financial system and revitalize the stock market.

Ex-EPA Head Urges 'Honest' Economic Assessment *OW1107132795 Tokyo KYODO in English* *0831 GMT 11 Jul 95*

[FBIS Transcribed Text] Tokyo, July 11 KYODO — Former Economic Planning Agency (EPA) chief Hajime Funada urged fiscal authorities Tuesday [11 July] to make more "honest" assessments of the nation's economy.

Authorities tend to emphasize the brighter aspects of the situation because they fear they will be forced to take fiscal measures once they acknowledge the pessimistic elements, he told a press luncheon.

"Therefore, they cannot help but make somewhat optimistic assessments of the state of the economy," Funada said, adding, "fiscal authorities should be more honest in assessing the economic conditions."

Funada, a key member of the main opposition Shinshinto (New Frontier Party), is remembered as a former EPA chief who declared that the slump hit bottom in spring 1993. The slump, however, continued even after the declaration.

He said the economy is in a worse state than portrayed in a fresh EPA report, adding, "I think the real state of the economy is much, much worse. It is beginning to slip into another recession."

The EPA's monthly report, released Tuesday, said economic recovery has come to a standstill.

Hashimoto on Boosting Economic Recovery, APEC *OW1107111395 Tokyo KYODO in English* *0402 GMT 11 Jul 95*

[FBIS Transcribed Text] Tokyo, July 11 KYODO — Trade Minister Ryutaro Hashimoto called Tuesday [11 July] for smooth implementation of public works spending and the use of deficit-covering bonds in a big extra budget to spur the sagging economy.

But responding to the government's morning assessment that the economy is stalled, the head of the Ministry of International Trade and Industry (MITI) offered no new economic resuscitation measures.

The front-loading of public works in the first half of this fiscal year, decided late last month, must be smoothly implemented and a second supplementary budget, to be drawn up in autumn, should be "large-scale" and financed with deficit bonds, Hashimoto told a regular news conference after a morning cabinet meeting.

Economic ministers in the morning received the Economic Planning Agency's monthly report, which said

Japan's "trend of mild economic recovery has come to a halt."

Three-quarters of public works spending for the fiscal year that started in April are to be implemented in the first half of the fiscal year under a package adopted June 27. It also calls for increased funding for small and midsize firms through Small Business Finance Corp.

Hashimoto, lamenting that in his campaign travels for this month's House of Councillors election and many people complain that it is hard to borrow money, said the government must better publicize available sources of lending.

He did not offer any ideas for new money to be made available.

Hashimoto also said he wants Japan to send special envoys around the start of August to the 18 members of the Asia-Pacific Economic Cooperation (APEC) forum to explain Japan's views for the November APEC summit in Osaka.

On the subject of tariffs in particular, he said it was "very sad" that Japan as this year's host was not able to respond to many suggestions from APEC members at senior officials' meetings last week in Sapporo.

Prime Minister Tomiichi Murayama, Foreign Minister Yohei Kono and Chief Cabinet Secretary Kozo Igarashi discussed at a morning meeting sending high-level envoys such as Hashimoto and Kono to APEC members after the July 23 upper house election, he said.

Hashimoto said Murayama agreed such missions are necessary but that since other ministries would be involved, nothing was officially decided. Kono and Igarashi did not mention the issue at their morning news conferences.

Asked who would be sent to Taiwan if senior officials are dispatched, Hashimoto snapped at a reporter, "I don't know, that's something to be discussed from here on. I repeatedly told you we haven't gotten to that point of discussions."

He urged the media not to "play up" the issue of high-level dealings with Taiwan, which would surely enrage Beijing.

Hashimoto also displayed a flash of ire in dismissing talk that he might bolt from the Liberal Democratic Party (LDP) with a group of supporters and join forces with conservative members of the opposition bloc Shinshinto (New Frontier Party).

Such a suggestion is an "extreme nuisance," at a time when he is doing his best to ensure political stability for

socialist Murayama's LDP-dominated coalition government in the upper house polls, Hashimoto said.

Gaishi Hiraiwa Interviewed on Economic Plan

OW1107124095 Tokyo ASAHI SHIMBUN
in Japanese 25 Jun 95 Morning Edition p 9

[Interview with Gaishi Hiraiwa, chairman of the Economic Council, by Satoshi Hasegawa and Satoshi Nakagawa; date and place not given; first paragraph is ASAHI SHIMBUN introduction]

[FBIS Translated Text] Tokyo, 25 Jun — The Economic Council, advisory panel to the prime minister, has released an interim report on the new economic program, a guideline for the government's economic policy for the 21st century. Although the report discusses various tasks, ranging from deregulation of government restrictions to relocation of Japan's capital, strong doubts are being voiced as to its effectiveness. At the same time, a fear of economic breakdown has increased recently. The present economic situation is likely to have a great influence on drafting a program for the future.

[ASAHI SHIMBUN] As the recently-released new economic program does not present concrete targets, such as a growth rate and deregulation, it is difficult for us to grasp its ideas. Please explain why.

[Hiraiwa] The council hurriedly drew up the program after we suddenly received a request last January. Unlike deliberations on the past programs, this one included discussions on an extensive range of topics, including education and how to discipline children. This is because we believe we need to change the Japanese systems — political, economic, and social systems. The recently announced plan was an interim report presented to people as material for discussion. We plan to devise a program with concrete figures by the end of this year.

The Government Is Responsible for Implementation

[ASAHI SHIMBUN] Although the economic program has been formulated, some people doubt if the proposals in the program will actually be carried out. Would you comment on this?

[Hiraiwa] Speaking from the framer's viewpoint, I say that if the program can present to people an image of the nation five years from now, the program's aim will be achieved. As the package needs to be discussed among the cabinet members, the government is obliged to implement it. However, it is true that many proposals were not carried out in the past.

[ASAHI SHIMBUN] What do you think of the fact that an increasing number of people think the panel has no real power?

[Hiraiwa] If the proposals are too idealistic, it will be difficult for us to achieve them. If the proposals are too critical of the administrative system, the government offices will refuse to take them up. We need to win the government offices' consent. Under such circumstances, it is hard for us to make a reform program befitting the new era. I heard that the ruling coalition parties are now studying the council's roles. I think it is important to make the panel discussion public and to run the council in a democratic manner.

Bad Debts Issue Should Be Settled First

[ASAHI SHIMBUN] Opinions are divided over the present economic situation. Some people say the present economic situation will head for deflation, in which case economic contraction will occur. Some others say that the economy will head for disinflation, in which commodity prices will simply fall. What do you think?

[Hiraiwa] Demand for electricity, which is considered one business barometer, is growing. As the government said, the economy is recovering. I think the economy is now in the process of disinflation. However, if we take no measures, the economy is very likely to fall into deflation. Individual consumption is sluggish; more companies are shifting their production sites overseas due to the yen's appreciation; and the growth of domestic investment in equipment and plant is at a standstill. Moreover, there is an employment adjustment issue, which results from companies' reconstructive efforts, as well as the issue of financial institutions' bad loans. Signs of sluggishness are also appearing in the U.S. economy. Although there are many deflationary factors, companies are not ready to deal with such circumstances. We cannot waste any time in rescuing the Japanese economy. However, in political circles, they pay attention to the question of how they can maintain the present administration as long as possible. Although we need politicians for central leadership, the present coalition administration takes a long time to decide what measures it should implement. When I met with government officials in charge of economic affairs, such as Chief Cabinet Secretary Kozo Igarashi, they said: "We have taken various steps," and "we are doing our utmost." In actuality, however, the economic situation has not recovered. I want them to tackle this issue seriously.

[ASAHI SHIMBUN] What kind of measures should be implemented to prevent deflation?

[Hiraiwa] I think writing off the bad loans of financial institutions will be the first hurdle to clear. Financial institutions could overcome stock stagnation in 1965 because their business situation was sound. When I was a child, there was a run on the financial institutions. The

importance of credibility was proved by such events in the past. First, the financial organizations should have to write off their bad loans. If they cannot resolve this for themselves, then there will be no other way but to use public funds, including tax revenues.

Drastic measures should be implemented to improve the social infrastructure. There is a fear of financial distress. However, if that happens, certain steps could be taken after the economy recovers. For example, one way is to increase tax revenues to repay government debts. Otherwise, prime companies will relocate their business sites overseas, and tax revenues will drop further.

Zeal, Effort, and Tenacity

[ASAHI SHIMBUN] Although people have continued to call for deregulation, only a little progress has been made. What do you think of this?

[Hiraiwa] The interim report says efforts should be made to build a liberal and lively society. The idea of self-liability, as well as deregulation, is necessary for building a vigorous society. Politicians say, "We will have a hard time carrying out secret maneuvering to persuade opposition forces." However, we must promote deregulation with zest, effort, and tenacity to come up to the deregulatory level of the international community. The reason for stalled deregulation is that government offices try hard to expand their jurisdiction under the system of bureaucratic sectionalism. People also tend to shift responsibility to the administrative system. Buds of deregulation are growing slowly, little by little. We have no other way but to urge deregulation again and again.

Industrial Material Makers To Cut Output

OW1107143995 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 2 Jul 95 Morning Edition p 1

[FBIS Translated Text] Moves by industrial materials producers to cut output are gaining momentum. In an effort to put brakes on dropping market prices and the growing stockpile caused by the slump in domestic demand, steel manufacturers, including Nippon Steel Corporation (NSC) and NKK Corporation, will cut output of such materials as steel plates used for autos and home appliances and architectural H-beams in the period from July to September. Makers of other industrial materials like cement, sheet glass, and plastics, which have enjoyed long-lasting full-capacity operation, will also reduce output. The materials industries, which have maintained a high operating level since late last year by taking advantage of the economic recovery, now have to adjust the supply of materials due to the slump in domestic demand stemming from the yen's appreciation

and the increase in competitive imported materials. This seems to increase further the related industries' concerns about possible deflation, which causes falling prices and production cuts.

Leading steel maker NKK will reduce its production of steel plates in the current July-September quarter by 10 percent in comparison with the previous quarter. Other steel makers, including NSC and Kawasaki Steel Corporation (KSC), have decided to cut their production; they plan to decide by the end of this week on the precise amount of reduction. Underlying their decision is that from July and on, consumption of steel plates to be used particularly for autos and ships will likely drop because of increasing steel imports and the sharp rise of the yen.

Although demand for such architectural steel as H-beams usually increases in the July-September quarter, steel makers will cut their production by 10-15 percent in comparison with the previous quarter. Because of the steel makers' miscalculated increase in production for reconstruction projects in the quake-hit areas, the distributors' stock of H-beams has increased to the highest level in two years, and the market price has sharply dropped. For that reason, the steel makers aim to restore business conditions by cutting their production.

In the petrochemical industry, which has been enjoying surging demand from other parts of Asia, leading petrochemicals company Mitsubishi Chemical Corp. has decided to cut production after the current July-September quarter of normal-chained low-density polyethylene used for films by about 10 percent compared with last year. Exports will be reduced by more than 30 percent from a year earlier because of the slump in shipments to China caused by tough competition with European and U.S. makers and because of declining demand in Asia. The company will also cut domestic shipments by about 10 percent.

There is a similar move of cutting output among ceramics makers, whose production increases after the Hanshin earthquake turned out to be miscalculated. The biggest glass maker, Asahi Glass Co., plans to slash production of plate glass for automobiles and buildings by 16 percent by consolidating two production lines at its factory in the Kansai area (Amagasaki) into a single line. Mitsubishi Materials Corp. will temporarily halt cement production at its Higashidani factory (in Kita-Kyushu) as part of efforts to adjust demand and supply. The move will reduce the company's total annual production in Japan by 4 percent or 500,000 tons.

Supported by upward trends in international business, the materials industries have enjoyed full operation and led other industries in revitalizing their markets.

Reacting to a series of output reduction plans by materials industries, the Economic Planning Agency said: "The plans came as a result of the spread of the influence of the yen's rise to such industries as automobile makers. Since domestic demand is expected to move toward recovery again from October, we see their plans as short-term ones" (according to Research Bureau chief Isoroku Sawada). However, seeing the material industries' moves as signs of deflation, related industries have started to keep an eye on how the situation will develop.

MITI Sees Yen Course Turning

OW1007154095 Tokyo KYODO in English
0604 GMT 10 Jul 95

[FBIS Transcribed Text] Tokyo, July 10 KYODO — The yen's trajectory seems to have changed course, Japan's top trade bureaucrat said Monday [10 July], but he indicated the currency remains too high against the dollar.

"The flow has changed a bit," said Tomio Tsutsumi, vice minister of the Ministry of International Trade and Industry (MITI), referring to the dollar's bounce back to the 87 yen range since Friday after it had slipped to the low 80s again.

Tsutsumi repeated to a regular news conference that current levels — he cited the 80-90 yen zone and 85 yen to the dollar — are "extremely removed from actual (economic) conditions."

Noting concerns about the weak Japanese economy, he said market players may be rethinking the yen's meteoric rise, which the Japanese Government has long said is speculative and far out of line with economic fundamentals.

the yen's recent decline also reflects the "extremely firm will" of the group of seven industrialized powers for an "orderly reversal" of the soaring yen, Tsutsumi said.

He noted nearly simultaneous credit easings by the Bank of Japan and the U.S. Federal Reserve Board, followed by concerted dollar-boosting interventions in the currency market.

But Tsutsumi rejected a suggestion that the policy coordination is linked to the Japan-U.S. auto trade deal, reached June 28 just before U.S. trade sanctions would have come into effect against Japanese luxury cars.

The deal, however, means that "one uncertainty factor has been eliminated," he acknowledged.

He also said supply and demand appear to be regaining balance as Japanese exporters have largely completed their July-September forward dollar transactions.

MOF on Uncertain Condition of Stock Market

OW1107112295 Tokyo EKONOMISUTO in Japanese
4 Jul 95 p 34

[Unattributed article: "No More Hands to Play": Pessimism in the Ministry of Finance (MOF)"]

[FBIS Translated Text] As the stock market slipped to its lowest levels since the bubble economy burst in August 1992, the Ministry of Finance has been increasingly enveloped by a pervasive premonition of impending crisis. However, the ministry has already "played every hand we have" (according to the Securities Bureau head) to recharge the stock market, and it now has its back to the wall as a consequence of the ineffectiveness of macroeconomic policies and efforts to counter the bad loan overhead of the financial institutions. The MOF is well aware that "this is the worst possible situation: uncertainty over future economic conditions causes stock prices to fall, and the fall in market prices creates an even worse economic situation" (according to a senior MOF official). Still, the reality is that they simply have no hand left to play in the situation.

In the third week of June, Chief Cabinet Secretary Kozo Igarashi announced that new economic measures were being drawn up. Although this was favorably reflected by the stock market, an MOF executive disgustingly noted, "Just what do they think they are doing? If this raises market expectations but is devoid of substance, the effect will be a dumping of stocks out of frustration."

In April, emergency measures were put into place to counter the yen's rapid climb and poor economic conditions. The first supplementary budget for fiscal 1995 was drawn up in accord with the countermeasures. The MOF appears to have strong feelings that this has all just been put into place. Certainly, the first supplementary budget, aiming at establishing an economic framework to withstand the high yen, incorporated plans to promote such economic frontiers as scientific technology, information, and communication, going so far as to issue deficit-covering national bonds that the MOF had hitherto avoided. Further, to revitalize the over-the-counter [OTC] market as mentioned in the emergency countermeasure, a contingency market will be established to permit any venture business, even if awash in red ink, to introduce its stocks for OTC sales.

The MOF is not unaware that the ruling coalition and other politicians want somehow to put a new package of measures together in time for the House of Councilors elections in hopes of gaining votes. However, there is strong opposition by the Social Democratic Party of Japan [SDPJ] and other parties to any changes affecting property taxes or added value taxes on securities trans-

actions — changes that Secretary General Yoshiro Mori of the Liberal Democratic Party [LDP] and others refer to as the "primary pillars of the new measures." There is no indication a consensus can be reached even within the ruling party. In the face of such circumstances, despite declarations that "measures to counter the economic problems will be brought forth by the politicians," these politicians ultimately will beg, "Do something," and the task will again fall to the MOF. The basic reaction is that this is just too much.

No PKO After All

Besides economic policies and whatever else, the MOF has deep-seated reservations over the drops in the stock market. Notably, over the past one or two months, a "vicious cycle" (according to a Banking Bureau senior official) has emerged, in which the rapidly rising yen is moving the major life insurance firms, in particular, to withdraw their investments from the United States. Consequently, the dollar is being sold in massive volumes, driving the yen still higher against the lower dollar, triggering drops in stock prices.

There are some who are calling for the expansion of the PKO (pricekeeping operations) method of supporting stock prices through the use of public funds. However, such methods of support have been criticized because they "obstruct the underlying principle of free markets and the establishment of stock levels; they bleed the market's vitality. In the face of such criticism, there is no intention to use such techniques at this point" (according to the Securities Bureau).

If this is the case, the only alternative left is to shore up the economy through macroeconomic policies. However, "since the year before last, well over 20 trillion yen has been thrown into public projects in an effort to counter economic problems. However, it has been sand soaking up water; absolutely no effect is visible" (according to the Budget Bureau head). This is because the invested funds are being used to clean up the residual red ink from the bubble economy, as represented by the vast bad loan overhead carried by financial institutions.

The MOF has set out its basic policy for clearing up bad debts. However, since this "issue directly connects to the collapse and liquidation of banks, it is not something that can be solved right away" (according to a city bank senior official), and there is scant possibility that funds will flow any more smoothly in the immediate future.

The state of affairs is already such that a second supplementary budget that includes measures to battle the adverse economic conditions is inevitable by early fall. Within the MOF, pessimism is already growing.

"Even knowing that it will be to no avail, it may be that the only step left to us is to keep funding still more public projects."

Official: 86 Yen Targeted for Currency Moves

OW1007152495 Tokyo KYODO in English
0945 GMT 10 Jul 95

[FBIS Transcribed Text] Tokyo, July 10 KYODO — Japan and the United States have targeted 86 yen to the dollar for joint interventions to curb the Japanese currency, Vice Finance Minister Kyosuke Shinozawa said Monday [10 July].

Finance leaders of the Group of Seven (G-7) industrial powers decided that 86 yen was the line which "must be taken" to achieve their April goal of an "orderly reversal" to the yen's ascent against the dollar, Shinozawa told a regular news conference.

After agreements among the G-7, particularly Japan and the U.S., monetary authorities intervened to prop up the dollar at the end of May and again last Friday, he said.

The dollar bounced up to the 87 yen zone after the surprise interventions.

Shinozawa noted that the G-7 finance ministers and central bank governors issued their call for a reversal of the yen's meteoric rise just as the dollar was at 86 yen, meaning that is the level at which they feel it necessary to step in.

Asked whether the Finance Ministry is looking for the Bank of Japan (BOJ) to cut its record low official discount rate after Friday's announcement that it would guide short-term market rates lower, the senior finance bureaucrat said only that monetary policy is the central bank's preserve and that he would watch to see the bank's judgment.

He cited the BOJ's Friday announcement, in which the central bank said it was letting overnight rates fall below the record low 1 percent discount rate, although it said the move was not a prelude to a discount rate cut.

Short-term market rates and long-term bond yields promptly sank to record lows in line with the credit easing, which was meant to shore up the increasingly shaky economy.

Shinozawa praised the bank of Japan's move as "bold" and deflected a question on whether it was aimed primarily at the currency markets or at interest rates, saying it was a comprehensive move.

The BOJ move came hours after the Federal Reserve lowered a key U.S. short-term rate. The credit easings sent Tokyo and New York stocks soaring, but Shinozawa declined to comment on the share movements.

Small Firms Want 100-Yen-Level Per Dollar

OW1107123295 Tokyo KYODO in English
0920 GMT 11 Jul 95

[FBIS Transcribed Text] Tokyo, July 11 KYODO — Many smaller companies want the dollar to advance to around the 100 yen level as the yen's recent appreciation has affected them badly, the National Association of Shinkin Banks said Tuesday [11 July].

In a survey conducted in early June on 16,000 smaller companies, with a 93.9 percent response rate, 51.4 percent said exchange rate fluctuations have some effect on their business. Of these, 41.4 percent favor a dollar level of between 100 and 110 yen, the association said.

A level of between 90 and 100 yen is desirable for 32.4 percent of the affected businesses, while 14.7 percent want a level of 110 yen or higher, it said.

The dollar was quoted at 85.17-20 yen June 1 and at 84.62-65 yen June 7.

More than 40 percent of the small businesses have or expect adverse effects of the strong yen, up from 33.7 percent and 34.1 percent in previous surveys last September and September 1993, respectively, it said.

As countermeasures against the yen's surge, 40.6 percent cited reinforcement of sales and operating performance, followed by cost reduction through rationalization and energy-saving efforts (35.5 percent) and lowering of sales and purchase prices (19 percent), it said.

But nearly 30 percent lack effective ways to deal with the strong yen, the survey said.

More than 50 percent of respondents asked the central and local governments for further steps to expand domestic demand to combat the yen's rise, followed by tax cuts (32.6 percent), passing-on of windfall profits (23.4 percent) and reduction in public utility fees (21.1 percent), it said.

Commercial Banks To Cut Housing Loan Rates

OW1107141795 Tokyo KYODO in English
1319 GMT 11 Jul 95

[FBIS Transcribed Text] Tokyo, July 11 KYODO — Four major commercial banks said Tuesday [11 July] they will lower their floating interest rates on housing loans by 0.375 percentage point to 3.0 percent per annum.

The move follows the latest reduction of short-term prime lending rates, the banks said.

Sakura Bank will apply the new rate starting July 24, while Sanwa, Fuji and Asahi banks will effectuate the rate cut Aug. 1.

Other major commercial banks are expected to follow suit.

Big commercial banks link floating housing loan rates to the short-term prime rate on loans to creditworthy corporate borrowers. When they change the prime rate by half a percentage point or more, they usually lower or raise the floating loan rate the following month.

But if the prime rate change is smaller than 0.5 point, the banks review the floating rate the following spring or fall.

The latest decision to lower the floating rate is unusual because the banks' recent short-term prime rate cut was 0.375 point.

The unusual move is aimed at stimulating loans to individual borrowers, according to banking industry sources.

In the meantime, Nippon Life Insurance Co. said the same day that it will lower its fixed rate on housing loans of less than 10 years by 0.20 point to 3.75 percent per annum, effective Thursday.

Editorial on Easy Money Policy by BOJ, FRB

OW1107151795 Tokyo NIHON KEIZAI SHIMBUN in Japanese 8 Jul 95 Morning Edition p 2

[Editorial: "We Welcome Japan-U.S. Tie-Up in Credit Relaxation"]

[FBIS Translated Text] Japan and the United States have hammered out relaxed credit policies at the same time. The Federal Reserve Bank (FRB) lowered the guideline for Federal Fund (FF) rates in response to signs of economic slowdown. The Bank of Japan (BOJ) also announced its decision to allow short-term interest rates on the money market to fall, to ease growing concern over deflation. We welcome these actions by Japan and the United States, which can check the plunge of the world economy.

The world money market favored the Japan-U.S. tieup. The FRB's first credit relaxation in the last 34 months raised stocks on the New York Exchange to a record high. The BOJ decision to allow short-term interest rates on the money market to fall below the official discount rate boosted Tokyo stock prices, which had been in a prolonged slump. The yen rate hike in the foreign exchange market was also stopped by the announcements.

The simultaneous credit relaxation looks like a joint monetary manipulation, but each of the two nations acted to push its own interests. The FRB's easy money policy was adopted because expansion of the U.S. economy is obviously slowing down in both production

and consumption. Lowered inflation pressure is another reason for the decision.

The BOJ's credit relaxation is aimed at supporting the Japanese economy, which has been "nearly taking a pause" (as noted by Governor Yasuo Matsushita), through monetary manipulation. As the political situation is stagnant during the upper house election, monetary policy is Japan's only tool available now to prevent further economic slowdown.

The yen appreciation might have been further accelerated if the BOJ had taken no reaction to the U.S. announcement. In that case, the narrowed gap between Japanese and U.S. interest rates would have thrown Japan into full deflation by cooling down the stock market.

The BOJ failed to take appropriate action following the German Federal Bank's discount rate cut last spring. At that time, the BOJ's lack of determination badly damaged the stock and exchange markets. The latest action by the BOJ is taken with that bitter experience in mind.

Manipulation in the short-term market is not a very familiar tool, but short-term interests were used this time just like FF rates in the United States and Lombard rates in Germany. In this regard, the action was very significant.

To make the most of its market policy, the BOJ should positively expand the stagnant money supply through buying operations.

The BOJ is supposed to manage money market policies liberally. It should not balk at further reduction of the official discount rate when the occasion demands. While the discount rate is currently set at the lowest-ever level of 1 percent, there still is room for lowering the interest rate further, as market prices are still going down and real interest rates are still at high levels.

The FBR is expected to fully hammer out its easy money policy by lowering the discount rate. The German Federal Bank may further cut the official interest rate. The BOJ must not forget that knowing when to take action is vital to monetary policy management.

The world economy is likely to slow down, due to worsening economic conditions in the United States and Europe. Monetary authorities of Japan, the United States, and Europe should strongly tie up with each other to prevent an economic slump and confusion in the market.

Expert Urges Economic Structural Reform

OW1107143895 Tokyo ASAHI SHIMBUN
in Japanese 7 Jul 95 Morning Edition p 4

[Article by Iwao Nakatani, Hitotsubashi University economics professor: "Politics Urged To Make Up Its Mind To Promote Fundamental Structural Reform"]

[FBIS Translated Text] Judging from the economic indices of the past three or four years, it seems that the Japanese economy has entered a state of "chronic recession." The economic growth rates for fiscal 1992, 1993, and 1994 are 0.3, 0.2, and 0.6 percent respectively. It is highly possible that the growth rate for fiscal 1995 will remain in the neighborhood of zero percent due to such causes as an increase in the stock-sales ratio, production stagnation, an increased unemployment rate, and a deflation trend accompanied by price drops. Policy authorities and some economists, who have held fast to an optimistic view so far, will have no choice but to change their fundamental views if the low growth, which is near zero percent, continues for four consecutive years.

As is known, the Japanese economy experienced a long recession from 1920 through early 1930. Many disasters — including a stock crash, accumulation of bad debts, financial institutions' bankruptcy and financial instability, a strong yen, continuous price drops, and the great Kanto [as published] earthquake — happened one after another and Japan went through three "crisis" — post-war crisis, financial crisis, and crisis of Showa — in the past 10 years or so. The current Japanese economy is managing to avoid a run on banks and a "crisis." As far as the economic and other movements in an essential sense are concerned, however, I have to say that the current situation is similar, in many ways, to that of the twenties.

The most important similarity is the fact that private investment under chronic deflation becomes sluggish for a long time. Private consumption and government expenditures increased significantly in the twenties. However, private investment dropped 33 percent in real terms in 11 years from 1920 to 1931. The sluggish private investment is solely to blame for the economic slowdown during this period. Exactly the same thing can be said about the Japanese economy during the nineties. Although private consumption and government expenditures grew 5 and 23 percent respectively between 1991 and 1994, private investment dropped 19 percent in real terms. The Japanese economy during the twenties was a typical deflationary economy. Prices of goods dropped more than 30 percent and nominal income shrunk significantly during this period. In the nineties, the wholesale price dropped more than 6 percent. Due to the rapid appreciation of the yen and other reasons, it is thinkable

that prices of goods in Japan will continue to go down. Basically, the current Japanese economy is also a deflationary economy. Therefore, private investment, one way or another, will drop as it did before.

Under a deflationary economy, private investment decreases because, first of all, debtors' burden increases and the motive to borrow additional money becomes weak in the wake of price drops. Second, although interest rates in real terms drop, actual interest rates increase because prices of goods are low. Third, the fixed cost [koteihi] increases and profits shrink if nominal sales drop. These factors discourage investors from investing and stagnant investment becomes one of the causes of chronic recession.

Increase of real debts, steep rise of actual interest rates, and stagnant corporate profits accompanied by price drops worsen corporations' expectations for a better future. At the same time, they also delay a settlement of the bad debt issue. During the crisis of Showa and the great crisis [dai kyoko] of the United States, the amount of bad debts increased cumulatively because of sluggish stock prices and prolongation of depression. These factors soon made the financial system collapse. People in Japan are worried that the record low stock prices and the prolonged depression may diminish latent profit of banks and insurance companies and that some financial institutions have no prospect of redeeming the bad debts. Public opinion is strongly against the idea of using public funds for saving the troubled financial institutions. However, in the worst case, the financial market may be paralyzed unless we urgently implement the fundamental measures including introduction of public funds. If we want to avoid the worst-case-like crisis, things we have to do are, first, to publicly announce clear measures aimed at settling the bad debts issue. We also have to recover domestic and foreign investors' trust in Japanese economy. I believe that this is an absolute precondition to a secure future for the Japanese economy.

After that, we need to introduce more fundamental structural measures. In his book, "History on Changes in the Financial World During the Taisho and Showa Eras," Kamekichi Takahashi, an economist who is known for his uncompromising attitude, says that the cause of the long depression in Japan through the twenties into the Showa crisis was that the government cherished the old corporate characteristics and industrial structure because Japanese industries were unable to keep up with the second industrial revolution, which sprung up in Europe and the United States. This can be applied, without any change, to the political, bureaucratic, and industrial circles of contemporary Japan, which is unable to take part in the third industrial

revolution (information revolution) and is suffering from "administrative system overload" [seido hiro]. It is indispensable for politicians to seriously promote fundamental structural reform to change Japan's current economic social system of a developing country to a system of a developed country.

Article on Industrial Changes in Maker-User Ties

OW1007133295 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 27 Jun 95 Morning Edition p 1

[Second article in series "Casting Out Old Taboo; Japanese Management: Collapsing Village Society Order — Dispute Between Industrial Giants Over Price"]

[FBIS Translated Text] "It will lead to ruining the stable fuel supply system" — On 10 May, the Tokyo Electric Power Co., Ltd. [TEPCO] Fuel Department was flooded with protests from oil companies following TEPCO's announcement of a plan to hold "competitive bids" to purchase low-sulfur fuel oil C used for thermal-power generation.

TEPCO Versus Nippon Oil Co.

TEPCO consumes 4 million kiloliters of low-sulfur fuel oil C a year. TEPCO is the largest consumer, accounting for about 10 percent of the total consumption in Japan. However, TEPCO's influential power is greater than its market share. In the past, negotiations — called "champion negotiations" — between TEPCO and Nippon Oil, the leading oil supplier, were held every three to four months to decide on the price of fuel oil C, and the agreed price was virtually applied to deals between other oil companies and consumers. In this way, the term "competitive bid" did not appear in the oil industries' "rules".

The "champion negotiations" started in 1974, when the importance of a stable supply rose after the first oil crisis. In past negotiations, TEPCO and Nippon Oil decided on the prices accounting for such costs needed to maintain a stable supply as expenses for transportation, sales management, and storage and disaster prevention in mind. Since there are no other major consumers of low-sulfur fuel oil C than TEPCO, a formula — "cost plus appropriate profits is a price" — has been applied and firmly maintained.

At the Nippon Oil Negishi Refinery (in Yokohama City), from which Tokyo Bay can be seen, about 600,000-700,000 tons of fuel oil C are stored in oil tanks standing along the sea. About 70 percent of this is for TEPCO, and "a fixed cost for storage is 300 yen per kiloliter" (according to Nippon Oil First Division of Industrial Fuel). To deal with the rapid increase in demand during the fierce heat last summer, "we

extended our cooperation in spite of a possible deficit" (according to the First Division). The oil industry had long thought that electric power companies and they are in the same boat designed to maintain a stable energy supply.

The result of two bids — on 23 May and 15 June — shattered such an illusion. Although those concerned with bidding refused to speak about the bidding, indications are that trading houses, using cheaper heavy oil made in foreign nations, made successful bids at 16,000 yen per kiloliter, 20 percent cheaper than that of oil companies whose bidding price was about 20,000 yen, which is almost the same price as that decided at past "champion negotiations."

TEPCO President Hiroshi Araki said that "we will not introduce a principle of competition that may impede the system of keeping a stable supply," thus ruling out a possible change in the basic rules. However, he added that "if there is cheap, surplus fuel, it is natural to use it."

Underlying TEPCO's "infringement of the rules" is a sense of crisis. There is growing criticism against differences in power rates between Japan and foreign nations. Since material manufacturers are expected to get into the wholesale electricity utility market by taking advantage of a revision of the law concerning the electricity utility business, there has emerged the possibility that the monopolistic market occupied by the electric power companies in the name of ensuring the stability of the electric utility business will collapse. TEPCO says "as an enterprise, we will do anything needed to cut costs," thus starting to improve its management.

As part of efforts to reform the company, TEPCO President Araki provided each executive — who is being bureaucratic — with a personal computer last October. "We will not give sanctuary in our business when cutting down costs" (according to President Araki).

Mitsubishi Heavy Industries, Ltd. (MHI) is confronted with Nippon Steel Corporation (NSC). In the area of steel, which is often regarded as the "rice" of the manufacturing industry, the two giants are neck-and-neck over prices.

Last year, MHI purchased 60,000 tons of steel plate from South Korea out of the 600,000 tons needed for shipbuilding, thus succeeding in lowering the purchase rate from domestic steel makers by 10 percent. For shipbuilding and heavy equipment manufacturers, steel companies are major customers of iron manufacturing equipment. However, MHI has decided to use ROK-made steel on the grounds that "no matter what action

other sections take, the shipbuilding section will lose competitive power unless we use ROK-made steel" (according to Managing Director Yoshihisa Tsuda).

ROK-Made Steel as Threat

Not to exasperate the steel industry, MHI says they will not increase imports and not use ROK-made steel as a tool to get the steel makers to lower the price. However, Managing Director Tsuda says "coexistence and coprosperity differs from interdependence," thus suggesting a gradual change in management policies.

The auto industry is more severe. Satoshi Sawamura, director of Nissan Motor, which buys hundreds of tons of steel sheet a month from P'ohang Steel in South Korea, stresses: "Our present dealing price with domestic steel makers is at the 100 yen = 1 dollar level." Observers have seen the auto industry succeed in lowering the dealing price by 10 percent on an average in the past one year by showing the prices of ROK-made steel to domestic makers. However, Nissan's Sawamura says "the gap in prices between Japan and South Korea has not been bridged yet because of the yen's rapid increase."

For its part, Honda Motor Co., Ltd. purchased hundreds of tons of P'ohang steel a month for compact cars, which are cheaper than other types of cars, while saying that "cooperation with the Japanese steel industry is still important to cutting costs" (according to Director Hirotsada Komatsu). With the aim of introducing the principles of competition, the auto industries, openly and covertly, are increasingly applying pressure upon the steel industries, which are stained with a cartel nature stemming from long-practiced cooperative relations centered around the NSC.

On the contrary, there is a self-conceited view within the steel industry — which is facing strong calls for lowering prices — that "we make a deal after making efforts to cut costs — including the freezing of an increase in the basic wage rate and drastic cuts in the number of workers — more than other manufacturing industries do" (according to NSC Managing Director Akira Sensoku), adding: "There will be no requests for lowering prices. We are going to reject any further requests." In this way, a conventional cooperative atmosphere between the manufacturing and user sides completely disappeared.

Hotbed of High Cost

Under conventional business practice, suppliers and consumers are interdependent, and rules of respecting each other's interests have been unchallenged as if they were living in a village society. While ensuring stability of industrial circles, such a practice has been seen as a

hotbed of producing high costs. With an ongoing move of breaking the conventional rules within the oil and steel industries, which are pivotal industries, as a start, Japan is beginning to turn into a society wherein the market principle will be accepted.

Article on Ability-Based Reward System

OW1007145595 Tokyo NIHON KEIZAI SHIMBUN in Japanese 28 Jun 95 Morning Edition p 1

[Third article in series: "Breaking Down Taboos in Japanese Management: Departure From Conventional Appointments According to Seniority — The Principle of Ability-Based Rewards Is the Source of Vitality"]

[FBIS Translated Text] The mindset of appointments according to seniority has crept into every part of Japanese business management. Yet a group of ranking venture enterprises, which grows fast with unique business management, is emerging.

Employees Elect Executives

"One vote for Komaki and one vote for Aikawa." On 1 April, a vote was taken in Japan New Alpha, a major slot machine casino (in Atsuki city). Just-hired employees counted ballots after opening a ballot box. Elected in the vote was a candidate for president. The slot machine company has put a "direct democratic system" in effect since 1991 under which candidates for executive positions up for reelection are chosen in a vote that is taken once every two years.

A total 35 of department and division chiefs and the incumbent president are eligible for election. A top vote-getter becomes president and others become managing director, standing directors, and directors in order of votes obtained.

Department and division chiefs are eligible both for casting ballots and being elected. In late March prior to the elections of executives, about 550 employees, who have worked for the company for more than six months, elected the managers. A formal decision on the appointment of president is made after a meeting of shareholders and the president has the final word on other appointments. Managing Director Minoru Aikawa says: "So far, the vote results have been reflected honestly in the appointments."

This year, 29 out of 110 employees with positions below section chief were elected to be managers; five failed to be elected to manager or were demoted. Personnel changes clearly show the importance of the confidence in managers. If an employee loses his post, he would suffer a cut in salary. It is employee confidence, not the

performance rating by superiors and the length of work, that paves the way for promotion.

Company sales in the first quarter of 1995 was 43 billion yen. The slot machine industry is not popular among the people. Nonetheless, the company is now trying hard to turn itself into a new company by waging a publicity campaign through wide lobbying activities and to even offer stocks to the public. President Gohei Komaki stresses: "If we fail to create a mechanism under which employees are rewarded fairly, it would be impossible to develop them into people who are full of creativity and ingenuity."

Employees With Annual Income of 50 Million Yen

"Within three years, we will see an employee paid 50 million yen a year," declared Tetsuo Mizuno, president of Square, a game software company, at an April general meeting of employees.

The company is well known for "Final Fantasy," the best-selling game program. The company continued to post an annual average increase of 29 percent in profits over the past three years. It registered an ordinary profit of 7.6 billion yen during the first quarter of 1995.

Software developers, who account for 80 percent of the company's employees, report to work at 1300 and freely spend the rest of their working time with no one intervening in their work. Yet the level of their salaries is determined by the sales of the software they develop. The company plans to increase the weight of payment according to individual ability. Vice President Shou Suzuki points out: "If the disparity in annual salary is not increased two times at least, it would be impossible to give full incentive to our employees." His comment is interpreted to mean that not "the conventional unity of company," but the intracompany disparity in salary, is the source of vitality. The company has adopted a mechanism under which only able employees are rewarded and the mechanism has forced a few employees to quit. In the past two years, the company has hired 40-50 employees from as many as 5,000 job-seekers. Many job-seekers favor the principle of ability.

Start Anew After Disorganizing Company

Misumi, a trading firm dealing in metal parts, has disorganized itself to "found a new trading firm" every spring. In March, the president draws up a new business plan and urges employees to organize a "team" to study the plan; if a management meeting rejects the plan, the president would lose his job. Joining the team is so highly competitive that managers who are excluded from the team face demotion.

The trading company has expanded its sales to medical instrument and office automation equipment companies. President Hiro Taguchi says he is going to imbue the entrepreneurship spirit into all of his employees and make the spirit a source of driving force in his company. He has adopted the team formula in a bid to seek out new business.

This fall, the trading firm plans to open a business school for ordinary citizens in concert with a human resources development company and at the top of the school's curriculum is the development of new businesses. The business school has another purpose. If graduation thesis submitted by students at the end of school are found to be highly workable, the student would be asked to put their thesis into practice while working in the trading firm. Major enterprises are scrambling to lure employees whose creativity and inventiveness are simply ignored in their own companies.

Major enterprises have long maintained a personnel management system under which promotions are made in accordance with seniority, which they cannot revamp as easily as ranking venture enterprises do. Signs are seen for dramatic changes, however. Toyota Motor Corporation, which has hired contract employees in the design field, now plans to spread the contract employee system to engineers in the electronic and auto fields with an eye on the expansion of the ratio of "professional employee" under the annual salary system. A recent Tokyo municipal government survey on enterprises in Tokyo shows that 24 percent of the enterprises, or one-fourth of the total, adopt the annual salary system. Like Fujitsu, many enterprises in Tokyo have introduced the intracompany venture system under which they take bold business risks.

Jack Welch [name as published], the architect of rebuilding General Electric (GE) which is known as a typical American corporation, frequently said: "I want to develop GE into a major American corporation that is as vigorous and active as a small business." Ranking venture enterprises in Japan have launched new business management methods transcending taboos. Key elements of the new management methods are the transparency of performance rating, the principle of rewarding capable employees, and organizational flexibility. The new business management methods may become a prescription for revitalizing major enterprises that are sinking in the recession.

Utilities Urge Government To Scrap ATR Plan

OW1107133395 Tokyo KYODO in English
1256 GMT 11 Jul 95

[FBIS Transcribed Text] Tokyo, July 11 KYODO — Electric power companies asked the government Tuesday [11 July] to scrap a plan to build an advanced thermal reactor (ATR) in Aomori Prefecture, northern Japan, due to high costs.

The Federation of Electric Power Companies, which groups nine electric power firms, asked the Science and Technology Agency to instead set up a less expensive, advanced boiling-water reactor (ABWR) in Oma, a town in the prefecture.

The organization said the cost of building and operating an ATR would be more than three times that of constructing and generating electricity at an ABWR.

The ATR development plan was decided in 1966 as a national project involving the Ministry of International Trade and Industry, the Science and Technology Agency and the nine electric power companies.

The development of an ATR, which uses mixed oxide fuel of natural uranium and plutonium, was hoped to pave the way for the practical use of a fast breeder reactor (FBR) in Japan.

The ATR development plan in the Aomori prefectural town is the sole such plan in the country.

A top MITI official said the government's policy on nuclear power remains unchanged despite the request by the electric power firms to scrap the ATR development plan.

"There is no fundamental change in the nuclear power policy," said the official, indicating that the government will not drop its plan to eventually build a plutonium-fueled FBR.

The official expressed sympathy for the power firms, saying, "their request is apparently prompted by the increasing need to cut costs."

He avoided making a clear statement on the possibility of a delay in the practical use of an FBR, but said that the ministry will consider low-cost substitutes.

Meanwhile, Electric Power Development Co., which is in charge of making the reactor, also showed understanding of the electric power firms' position.

A company official noted the increasing competition in the electric power industry and said he "can understand the conditions that led to their request."

The official expressed hope that a substitute plan will be decided on as early as possible.

NEC To Begin Ultra-High-Speed Network 1 Aug

OW1107002895 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 7 Jul 95 Morning Edition p 13

[FBIS Translated Text] NEC Corporation will start ultra-high-speed network service capable of handling 28,800-bit modems on its personal computer communication network "PC-VAN" on 1 August. Access points will be set up in 10 cities nationwide, including Tokyo and Osaka. Access charges will be the same as that for the existing high-speed net, one yen per three seconds.

Among NEC's competitors, Nifty (head office in Shinagawa Ward, Tokyo; president Tomoo Okada) has also announced it will start to provide the same service before the end of fiscal 1995. NEC will not only get ahead of Nifty; it also plans, this autumn, to become the first Japanese company to provide a similar service for moving visual images.

Access points capable of operating with 28,800-bit modems will be set up in Sapporo, Sendai, Kanazawa, Nagoya, Okayama, Hiroshima, Takamatsu and Fukuoka, as well as Tokyo and Osaka.

Using the new network it will be possible to view still pictures in real time. Under the current method data is transmitted bit by bit to the computer memory.

NEC also plans this autumn to provide a service for the transmission of moving visual images in 10-20 seconds using the ultra-high-speed network.

At present, PC communications mainly involve characters (text). This usage can now be expanded to include still and moving visual images.

Furthermore, NEC will also increase from the present 61 to 100 the number of access points using 14,400-bit modems. While most PC users currently use 2,400-bit modems, users of 9,600-bit modems are increasing rapidly because prices of high-speed modems are dropping.

Draft of New National Disaster Plan Revealed

OW1007152395 Tokyo KYODO in English
1337 GMT 10 Jul 95

[FBIS Transcribed Text] Tokyo, July 10 KYODO — Japan's new national disaster plan will strengthen cooperation between the Self-Defense Forces (SDF) and local communities in the event of a major disaster and promote earthquake-proof designs for buildings as well as gas, water and electricity supply systems, government sources said Monday.

According to the final draft made available to KYODO NEWS SERVICE, the plan also emphasizes the need for

early information on the scope of damage and casualties through a special information system.

In addition, volunteer activities will be granted assistance. Volunteers figured prominently in the aftermath of the Jan. 17 great Hanshin earthquake that hit Kobe and its vicinity killing more than 5,500 people.

Compared to the current plan, the draft places much more emphasis on citizens taking the initiative in responding to disasters, such as assisting injured people and helping the elderly find refuge.

It also calls on local communities to make sure that residents take basic emergency preparations such as stockpiling water and food to live on for several days.

The government's central disaster council is expected to adopt the draft plan July 18, the sources said.

As for the dispatch of the SDF to disaster areas, the revised plan settled on a scheme that leaves it to the prefectures to request the military's help in rescue operations, emergency medical care and other areas.

However, the SDF are allowed to dispatch helicopters and surveillance aircraft to monitor the situation in a disaster area without requests by the municipalities.

Should communication with a disaster area be interrupted, the SDF may move in for data gathering and rescue operations on their own account.

Directly after an earthquake hits, the national and local governments will collect data on the damage to gas, water and electricity supplies and the number of casualties to ensure an appropriate and timely response.

In the event of a major disaster, police and the SDF are not required to file their reports through the national land agency but directly to the prime minister's office, thereby speeding up the flow of information.

Taking as a lesson the delay in rescue and relief operations in the Jan. 17 quake, the plan envisages closer mutual assistance of facilities and organizations involved with the delivery of relief goods, and evacuation of disaster victims, the draft said.

Concluding agreements among the fire departments of neighboring communities as well as between the fire defense agency and municipalities is cited as one measure toward that objective.

Under the revised plan, municipalities will be asked to keep a register of volunteers who could assist with medical care and other relief activities.

It also urges that a special headquarters be set up during disasters to coordinate volunteer activities and that

volunteer organizations be trained for certain disaster scenarios.

Local residents, firefighters and local officials could team up to hold disaster drills at schools at night, the plan suggests as a way to promote preparedness for emergencies.

DA Calls for 3-Percent Budget Growth in FY96

OW0907112995 Tokyo MAINICHI SHIMBUN in Japanese 8 Jul 95 Morning Edition p 2

[FBIS Translated Text] Defense-related budget in fiscal 1996 should be increased by at least 3 percent from the 1995 level, the Defense Agency [DA] said on 7 July.

The agency noted that defense expenditures will "inevitably increase," (as noted by a senior official), in fiscal 1996, as repayments for Airborne Warning and Control System (AWACS) planes and an Aegis-equipped destroyer equipped with ultramodern anti-air missile systems are going to reach their peak. Even without these expenditures, the growth of routine expenses will become much bigger than 0.855 percent, the defense budget growth allowed for the current fiscal year.

In the fiscal 1995 budget request submitted at the end of last July, the agency demanded a 2.8-percent increase of the defense budget from the 1994 level. However, the growth rate was reduced to the ever-lowest figure of 0.9 percent under pressure from the socialist-led Murayama cabinet. The growth rate was then lowered further to 0.855 percent when the fiscal 1995 budget was finalized at the end of last year. The 1995 defense budget remained at 4.7236 trillion yen.

In fiscal 1996, the Defense Agency has to spend some 100 billion yen for repayments for four AWACS planes (worth about 57 billion yen per unit) purchased in fiscal 1993 and 1994, and for Japan's fourth Aegis-equipped destroyer (worth about 120 billion yen) now under construction.

DA Considering Combat-Ready Reservists

OW1107131995 Tokyo KYODO in English 1153 GMT 11 Jul 95

[FBIS Transcribed Text] Tokyo, July 11 KYODO — The Defense Agency is considering the creation of Self-Defense Forces reservists with increased military training to prepare them for immediate combat action, agency sources said Tuesday [11 July].

The "ready reservists," as part of the agency's ongoing review of Japan's defense capabilities, would have an increased annual training period of one month, over the previous five days, while companies would be reimbursed by the state for their absence.

The government and parties of the ruling coalition are expected to reconcile their different views and complete a new outline for Japan's defense by the end of the year.

A debate is expected to arise over the creation of "ready reservists" to accompany a reduction in the size of the ground self-defense force as proposed in the agency's review.

Differences of opinion will also have to be ironed out over support to be paid to the companies that employ the would-be soldiers.

The current 48,000 reservists in the Ground, Maritime and Air SDF branches are former SDF personnel who have served more than a year and would work in security and support duties in the event of an emergency.

The proposed "ready reservists" would comprise some 15,000 personnel ready to enter combat if necessary and would receive a regular salary.

Reservists presently train only on their holidays, Saturdays and Sundays, while the new reservists would train for a month at a time according to their combat units, raising considerable obstacles for their employees.

While reservists receive a salary of 48,000 yen, plus 8,500 yen per day during training exercises, the "ready reservists" would receive a considerable increase in salary, the agency sources said.

Editorial Critiques 1995 Defense White Paper

OW1107113295 Tokyo TOKYO SHIMBUN
in Japanese 3 Jul 95 Morning Edition p 5

[Editorial: "Government Urged To Set Guidelines for Moderate Buildup of Defense Capability"]

[FBIS Translated Text] Uncertainty looms in the future of the international community, and no clear direction is in sight for that community to move in the future. The recently released 1995 Defense White Paper reflects the present situation, with no direction for Japan to build up its future defense capability.

The 1995 Defense White Paper notes that "the people are focusing their attention on how the government is going to review its plans to build up Japan's defense capability following the end of the Cold War." It cannot be said that the 1995 Defense White Paper fully responds to the people's attention.

Japan's defense capability has been built up in line with the "Guideline for Defense Plan" endorsed by the cabinet in 1976. Nearly 20 years has passed since the guideline was put into effect, and the East-West Cold War, a prerequisite for the guideline, has long been over.

Now, the government is working on the review of the guideline, to be completed by the end of this year. It is too much to expect the white paper to show how the Self-Defense Forces [SDF] should be maintained in the future.

As a basic plan for review of the guideline, the white paper says, "The government will make a broad-ranging study of Japan's entire defense." Referring to a report compiled by the "Defense Issue Panel," an advisory body to the prime minister, the white paper stresses the need to: 1) deal with various dangers; 2) modernize combat units and equip them with high-tech weapons; and 3) reduce the size of the SDF.

In addition, the white paper emphasizes that the government should put priority on "keeping Japan's defense capability highly reliable and efficient" instead of on "down-sizing the SDF," on the assumption that various threats to Japan do exist.

On the military situation in Japan's neighboring nations, the white paper devotes a substantial part to the military buildup by China and the DPRK (North Korea). The white paper points out that China has increased its military spending and that "North Korea is believed to have biological and chemical weapons" and to be engaged in developing ballistic missiles.

To be sure, the two countries have some advanced weapons, but their weapons as a whole are quite obsolete. It cannot be said that North Korea is unable to provoke militarily because of its economic stagnation. Still, the two nations are not making any moves that can be construed as acts of aggression against Japan.

On the threat from the former Soviet Union, regarded as hypothetically hostile to Japan during the Cold War era, the white paper says, "The country has been moving toward cutting back its military activities qualitatively, and the activities remain lackluster." In an apparent break with the past, the white paper makes no mention of activities of Russian (former Soviet) warships and military aircraft in waters off Japan.

The white paper is interpreted to indicate that "Japan must not stop modernizing military hardware for the SDF, but conditions have been created for Japan to seek disarmament."

As to the question of dealing with hot spots and preventing them, the white paper points out that "expectations have grown on the role of the United Nations." The white paper notes the dispatch of SDF personnel to Cambodia and Rwanda for rescue operations and explains in detail the SDF's participation in UN Peacekeeping Operations (PKO).

SDF personnel and police task forces were mobilized to engage in rescue and reconstruction operations when the great Hanshin earthquake occurred in January this year. The white paper carries many photos showing their activities. An SDF unit specializing in chemical weapons was asked to cooperate with police in detecting and removing sarin nerve gas when the Aum Shinrikyo cult launched gas attacks on Tokyo subways in March this year.

The impression we get after reading the white paper is that the "possibility of a global war is slim," and hopes are growing among the people that the SDF will participate in the PKO and work to defend the lives and property of the people by coping with terrorist incidents.

Looking at the domestic environment surrounding defense, as the white paper points out, it has become more difficult every year for the SDF to recruit new personnel because of the shrinking younger population and the change in occupational views. The prolonged economic slump has also made it difficult for the government to manage finances.

We hope that the government, in a new guideline, will make clear that it will give considerable priority to training, equipping, and organizing new units for the SDF to prepare for participation in PKO and rescue operations in disaster areas. The government should set forth guidelines for a moderate buildup of defense capability while taking disarmament into account.

Editorial Urges Long-Term View on Defense

OW1107123795 Tokyo SANKEI SHIMBUN
in Japanese 1 Jul 95 Morning Edition p 2

[Editorial: "Confidence Building Requires Long-Term Perspective"]

[FBIS Translated Text] Since the collapse of the Cold War structure, security awareness has become loose even in this nation. Treatment of the defense budget has become harsh, and public concern appears to have thinned as well. The Defense Agency [DA] and the Self-Defense Forces [SDF], which have to restructure under the new defense plan outline and mid-term defense plan amid these conditions, are now trying to set a new direction for defense policies. The newly issued 1995 Defense White Paper draws a picture of how defense should be at such a time of transformation.

The Defense White Paper is said to be the only white paper that makes the best-seller list. That may reflect the high degree of interest in defense issues, but it also means that we now live in times when it is difficult to understand not only security, but also the defense issues that are the main point of security issues. Past defense

white papers have been documents reviewing defense issues for the preceding year, but the white paper for this year, in view of unusual circumstances, discusses "the future tasks of this nation's defense" and suggests the direction of future defense policy.

The suggested direction is presented in the following points: 1) maintaining efficient and compact defense capabilities; 2) solidifying the Japan-U.S. security system and building up trust in the Asian-Pacific region to create stable security conditions; 3) becoming active in UN peacekeeping operations and making international contributions; 4) promoting the defense industry and defense-related research and development programs; and 5) securing quality personnel.

Among them, we would like to pay particular attention to the ways of building confidence and securing quality personnel, because we think long-term vision has been conspicuously lacking in trust-building and personnel procurement, even though such a trend has existed, to a greater or lesser degree, in other areas also. The government is due to introduce soon to the Diet a bill on the Agreement on Commodities and Services Accommodation (ACSA), which is expected to work as a lubricant in Japan-U.S. relations. The government has decided to move on the bill after failing to do anything about it for so long that the United States has become thoroughly disgusted.

Defense personnel exchanges with Asian countries are making some progress but are still on a small scale, and it cannot be said that accommodations for senior foreign students — for instance, housing — are good enough. If the government is serious about making trust-building the main part of programs to improve the security atmosphere, the scale and opportunities for exchanges should be expanded, with a willingness to increase by another digit the number of students invited to the Defense College, for instance. By doing that, we believe, the government will make contributions to the national security of twenty to thirty years from now.

Securing high-quality people is becoming more difficult as the population of those suitable for defense duties decreases. Right now, the poor condition of the economy is alleviating the manpower shortage problem; still, we hope the government will come up with a totally new and attractive concept, one that will elevate the social status of the SDF personnel by transforming the SDF into a high-tech organization. We also hope that stepped-up energy will be put into training and educating SDF personnel. Otherwise, the SDF will turn into an osteoporosis patient who looks well in appearance but is crumbling inside.

Murayama on Poll, War Ceremony, Economy

OW1107112695 Tokyo MAINICHI SHIMBUN
in Japanese 10 Jul 95 Evening Edition p 1

[FBIS Translated Text] Prime Minister Tomiichi Murayama again stressed that the break-even point for the Social Democratic Party of Japan (SDPJ) in the upper house election is 22 seats. In a news conference held in the Osaka municipal office on the morning of 10 July, he stated: "I have been saying the break-even point for the SDPJ is 22 seats, the same number of seats won in the 1992 election, but I feel public expectations for the SDPJ are growing day by day. I would like to reach that objective at any rate."

Regarding the postponement of the government-sponsored "memorial ceremony for the 50th anniversary of the end of the war," Murayama said: "The ceremony was first scheduled for the 15 August anniversary, but the ruling coalition was not completely in accord. My focus is on how we can obtain maximum public participation, rather than on when the ceremony should be held." However, he showed a negative stance toward a speculation that the ceremony might be held during the Asia-Pacific Economic Cooperation (APEC) Osaka conference in November. He noted that the coalition will discuss the date for the ceremony but "it is inappropriate to hold it during the APEC conference because APEC is an economic forum."

Touching on market demands for the second supplementary budget for fiscal 1995, Murayama stressed: "Having an eye on implementation of the current annual budget, I would like to work on the supplementary budget so that public work orders can continue." He then noted his intention to work on comprehensive pump-priming measures, which include front-loading public work expenditures, revitalization of smaller businesses, and circulation of profits from the yen rate hike. He said, "I hope the economy will pick up sometime around fall."

NFP Targets 45 Seats in Upper House Election

OW0907050595 Tokyo KYODO in English
0445 GMT 9 Jul 95

[FBIS Transcribed Text] Tokyo, July 9 KYODO — The largest opposition party Shinshinto (New Frontier Party: [NFP]) has set a minimum target of winning 45 seats in the upcoming House of Councillors election, a senior party official said Sunday [9 July].

Failure to win less than that is tantamount to a loss, said Kozo Watanabe, the party's acting secretary general, who appeared on a TV Asahi program.

At stake in the July 23 election are 126 seats or half of the 252-member upper house.

Commenting on Shinshinto's post-election strategy, Watanabe said the opposition party is contemplating forging an alliance with International Trade and Industry Minister Ryutaro Hashimoto and his followers in the ruling Liberal Democratic Party (LDP) to form a strong government.

LDP Secretary General Yoshiro Mori, appearing on the same program, flatly ruled out such a possibility.

NFP's Funada on Timing of Murayama Resignation

OW1107075795 Tokyo KYODO in English
0659 GMT 11 Jul 95

[FBIS Transcribed Text] Tokyo, July 11 KYODO — Prime Minister Tomiichi Murayama will likely step down in fall amid an economic downturn rather than soon after the July 23 House of Councillors election, a senior opposition legislator predicted Tuesday [11 July].

Hajime Funada, a former Economic Planning Agency chief and a key member of the main opposition Shinshinto (New Frontier Party [NFP]), said at a press luncheon that Murayama's Social Democratic Party (SDP) will not suffer as large a loss as expected.

With a number of media surveys projecting the SDP's major setback in the poll, he said, the so-called announcement effect will help the party minimize its expected losses.

"I believe there is a strong possibility that the Murayama administration can survive even after the upper house election," Funada said.

But he hastened to add Murayama will be forced to resign as prime minister in early fall when the economy is expected to fall deeper into the doldrums.

Unable to deal squarely with the crisis, Murayama will step aside and his replacement will be picked from the Liberal Democratic Party (LDP), the dominant force in the tripartite coalition government, Funada said.

The LDP premier will pass fresh pump-priming measures through the Diet and dissolve the House of Representatives for a snap general election to solidify the party's standing, he predicted.

Funada, who has been increasingly critical of the Shinshinto leadership, said he envisions a future tie-up with like-minded lawmakers, saying he may be able to join forces with those from the LDP, the SDP and New Party Sakigake, another partner of the ruling coalition.

A former protege of Shinshinto Secretary General Ichiro Ozawa, Funada appears to have distanced himself from the party's main architect and strategist due mainly to emotional divisions.

But Funada reiterated that he is still an ardent believer in Ozawa's national reform plans delineated in his best-selling book, "Blueprint for a New Japan."

He said he can support Ozawa as long as he shows understanding of the need to create an equitable society.

While denouncing Murayama for his lack of leadership, he repeated his oft-stated contention that a prime minister should be chosen directly by the electorate, not by Diet members.

North Korea

U.S. Paper on ROK Construction Irregularities

SK1007150695 *Pyongyang KCNA in English*
1502 GMT 10 Jul 95

[FBIS Transcribed Text] Pyongyang, July 10 (KCNA) — The U.S. paper WALL STREET JOURNAL on July 6 reported that such disasters as the collapse of the Sampoong Department Store are likely to occur again because of widespread irregularities by construction companies in South Korea, according to a radio report from Seoul.

The paper said the situation is so serious that construction experts express doubts about a smaller number of man-made disasters than they expected and even the authorities are not denying the possibility of the second Sampoong Department Store accident.

Construction experts attribute the recently large accidents in South Korea claiming several thousand lives and losses amounting to billions of dollars to the "complexity of irregularities by construction companies," the paper said, adding it is the present situation of South Korean construction companies that they construct buildings as they wish, irrespective of designs, only to get bribes.

ROK Paper Urges Store Accident Investigation

SK1007105295 *Pyongyang KCNA in English*
1044 GMT 10 Jul 95

[FBIS Transcribed Text] Pyongyang, July 10 (KCNA) — The South Korean newspaper KYONGHYANG DAILY [SINMUN] news carried an article titled "Shameful Republic of Accidents" in connection with large accidents occurring in succession in South Korea.

Pointing out that the make-up of the society of a sand castle is confirmed by the collapse of the Sampoong Department Store, the paper said:

This large accident brings to light the flimsy structure of society as a whole.

How can people live in the society where they always feel threats against their life, afraid what happens?

The accident of the Sampoong Department Store is an inevitable result of their negligence of human life and almighty-dollar principle.

The collapse accident is a sort of murder committed by those crazy for money.

The paper urged a thorough probe into the truth behind the accident and the punishment of those responsible for it.

ROK Students' 8 Jul Demonstration Reported

SK1007060995 *Pyongyang KCNA in English*
0522 GMT 10 Jul 95

[FBIS Transcribed Text] Pyongyang, July 10 (KCNA) — Students affiliated with South Korea's Federation of General Student Councils staged a demonstration on July 8 demanding indictment against former South Korean dictators Chon Tu-hwan and No Tae-u and others involved in the crackdown on the May 18 Kwangju movement for democracy, according to a media report.

They strongly demanded legal actions against all of them, saying "We oppose the prosecution's attempt to drop the case."

That day, some 200 students of Chonnam, Choson and other universities under the Kwangju-South Cholla Provincial Federation of General Student Councils went to the Kwangju District public prosecutor's office and demonstrated in protest against the authorities' unreasonable step.

Charging that the prosecution decided not to prosecute Chon, No and other main culprits responsible for the crackdown on the May 18 Kwangju movement for democracy, the students said it was a step ignoring the demand of all the people for an investigation of the case and punishment of those responsible for it.

Talk Denounces ROK National Security Law

SK1207055295 *Pyongyang Korean Central Broadcasting Network in Korean*
1223 GMT 11 Jul 95

[Unattributed talk: "The Fascist Evil Law Tramples Underfoot the People's Aspirations"]

[FBIS Translated Text] The notorious National Security Law [NSL] of South Korea is a fascist evil law that most brutally tramples underfoot the South Korean people's desire for independence, democracy, and reunification. For the South Korean people, independence, democracy, and reunification are their most urgent desire. The South Korean people want to live in a society, a reunified country, devoid of outside forces and fascism.

Accordingly, they have risen up in the movement for independence, democracy, and reunification. This is only too just and cannot be the target of suppression.

Nevertheless, branding these aspirations of the South Korean people as a crime through the notorious NSL the Kim Yong-sam ring has regarded their just movement for independence, democracy, and reunification as a scapegoat of its fascist dictatorship and as a target of suppression. The NSL of South Korea is indeed an antireunification, fascist evil law that has viciously blocked the South Korean people's patriotic movement for reunification.

Referring to the NSL's vicious antireunification nature the International Jurists Conference on Human Rights in South Korea revealed: The NSL inflicts more severe punishment on those struggling for reunification. This vicious law stipulates the lowest limit of punishment, but, it not only makes it impossible for the judiciary to inflict a punishment below this stipulated lowest limit of punishment, but also makes it possible for the judiciary to decide a longer term of imprisonment at random. Furthermore, even the people's demands for national reunification are regarded as a crime under the pretext that they are similar to the North's claim and, thus, are to receive severe punishment.

Provisions and phrases in the NSL are full of such sophistries as encouraging, praising, sympathizing, and benefiting antistate organizations. In other words, this means that under the logic that what is beneficial to the North is harmful to the South those who perpetrate such acts should be the target of punishment.

Furthermore, the South Korean authorities have included the phrase, rebellion against the state, in the fascist evil NSL in a bid to brand all progressive organizations in South Korea as antistate organizations. Thus, they have made it possible to suppress their activities, branding them as a rebellion against the state.

The successive rulers of South Korea have perpetrated the unprecedented fascist rule, using this fascist evil law as a tool for their power security and as their fascist club.

Also, the South Korean authorities not only have branded patriotic democratic organizations struggling for independence, democracy, and national reunification as antistate organizations seeking to overthrow the South Korean political system, but they have also brutally suppressed the democratic figures and young students affiliated with these democratic organizations, branding them as the forces seeking to overthrow the South Korean system.

It was the successive South Korean rulers who branded as the forces seeking to overthrow the South Korean system the National Council of University Student Representatives, Chondaebyop — which was an organization of South Korean youth and students struggling for national reunification — and the Korean Federation of University Student Councils, Hanchongnyon — which was Chondaebyop's successor. It is also the successive rulers of South Korea who arrested and detained core students of these organizations, including their chairmen.

All reunification activities, including the pannational rally for reunification, conducted by patriotic South Korean youth and democratic figures, and people of all walks of life, were the target of suppression without exception.

The notorious South Korean NSL is an unprecedentedly antidemocratic, evil law that regards the South Korean people's calling for even the primary rights of existence and democracy as criminals, and which makes it possible to perpetrate indiscriminate suppression against the South Korean people.

It is well known that the military, fascist dictators in South Korea in the past brutally suppressed the South Korean workers and people of all walks of life who called for the rights to existence and democracy, including wage increase, by using the NSL.

The Kim Yong-sam ring, which took power under the signboard of a so-called civilian-led government, has turned South Korea into the most miserable and brutal human rights violation zone in the world and into the grave of democracy and civil rights by maintaining and wielding the notorious NSL.

All facts once again clearly show that as long as the notorious NSL continues to exist, independence and democracy of the South Korean society cannot be achieved nor can national reunification be expedited. The South Korean youth, students, and people will not tolerate the NSL any longer. If the Kim Yong-sam clique continues to run wild in national treachery by wielding the NSL, despite the strong condemnation at home and abroad, the people's flames of struggle will flare up more strongly.

Tokyo Meeting Held on 'Unconverted' Prisoners
SK1207105795 Pyongyang KCNA in English
1051 GMT 12 Jul 95

[FBIS Transcribed Text] Pyongyang, July 12 (KCNA) — A Tokyo meeting on the repatriation of Prisoners of War (POW) and unconverted long-term prisoners was held on June 24.

Present there were Dietmen and men of legal, religious, press and public circles of Japan and Korean residents in Japan, more than 300 all told.

Also present was a delegation of family members of unconverted long-term prisoners which visited Japan on the invitation of the Japanese information centre on human rights.

Kim Chong-sim, the second daughter of old Kim In-so, spoke on behalf of the family members of the unconverted long-term prisoners.

She said that unconverted long-term prisoners, who are spending their last days of life in bitter agony and misfortune, earnestly wish their return to families.

This notwithstanding, the South Korean authorities do not allow their repatriation under preposterous pretenses, she said.

She called upon the participants in the meeting to render a helping hand to unconverted long-term prisoners so that they can spend the rest of their life with their family members.

Akira Maeda of the Japanese Information Centre on Human Rights delivered a report on the proceedings under the title "On the Issue of Repatriation of Prisoners of War".

He drew the attention of the participants to the fact that the South Korean authorities tortured and persecuted unconverted long-term prisoners, keeping them in prison for more than 30 years in violation of the Korean Armistice Agreement and international conventions, and are putting them under strict watch even after they were released. Such an inhuman act can never be pardoned, the reporter stressed.

He elaborated on the legality of the demand for repatriation of unconverted long-term prisoners and the future tasks.

Japanese figures of various social strata made speeches at the meeting.

It adopted a written request to the South Korean authorities and a letter to governments, political parties and human rights organisations of all countries and an international organisation.

Prior to the meeting, the delegation of family members of unconverted long-term prisoners called a press conference on June 24.

It scathingly denounced the South Korean authorities' refusal of their fathers' repatriation as unjustifiable and asked reporters to make efforts for their repatriation.

ROK 'Unconverted' Prisoners Called on Telephone *SK1207100895 Pyongyang KCNA in English* *1004 GMT 12 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 12 (KCNA) — Kim Chong-sim, second daughter of old man Kim In-so, and Kim Yong-che, son of old man Kim Yong-tae, had emotional talkings with their fathers in Kwangju, South Korea, by telephone on the night of June 23. They visited Japan to participate in a Tokyo meeting on the repatriation of POWs, unconverted long-term prisoners.

The moment she heard the voice of her father over the phone for the first time in her life, Kim Chong-sim burst into tears, saying: "Dad, your second daughter Chong-sim is making the first compliments to you."

Kim Yong-che has been anxious about the health of his father who was on the verge of the loss of eyesight since they had a telephone dialogue for the first time in April last. When he heard the familiar voice of his father through the receiver, he said in an excited tone: "Dad, what about your health. I am sorry that the son is unable to attend upon you."

They sent news and regards of their families and relatives in the northern half of Korea to their fathers and told them that the great leader Comrade Kim Chong-il is making every possible effort for the repatriation of their fathers, not forgetting them even a moment.

Then, the old men said they feel embarrassed to hear that too many people are concerned about them, and earnestly requested their son and daughter to give their best regards to General Kim Chong-il in their stead.

The unconverted long-term prisoners also asked to convey their thanks to the compatriots and the world people for active support and cooperation for their repatriation.

Embassy Hosts PRC Treaty Anniversary Banquet *SK1207100095 Pyongyang Korean Central* *Broadcasting Network in Korean* *0100 GMT 12 Jul 95*

[FBIS Translated Text] On 10 July, a banquet marking the 34th anniversary of the signing of the DPRK-PRC Treaty of Friendship, Cooperation, and Mutual Assistance was held at our country's embassy in Beijing.

Placed in front of the banquet hall were the national flags of our country and the PRC.

Invited to the banquet were Chen Muhua, vice chairman of the Standing Committee of the PRC National People's Congress; Li Chengren, deputy head of the International Liaison Department of the party Central Committee; Cui Yueli, president of the PRC-DPRK Friendship

Association; Vice Minister of Culture Chen Changben; and other functionaries concerned.

Our country's ambassador, Chu Chang-chun, and embassy staff participated in the banquet.

Our country's ambassador and the vice chairman of the Standing Committee of the PRC National People's Congress spoke at the banquet.

The participants at the banquet toasted the militant friendship and unity between the two peoples of the DPRK and the PRC, which were forged with blood; the eternal life of the great leader Comrade Kim Il-song; the long life and good health of the great leader [yongdoja] Comrade Kim Chong-il; and the long life and good health of Chinese party and state leaders, including esteemed Comrades Jiang Zemin and Deng Xiaoping.

Beijing Banquet Marks Treaty-Signing Anniversary

SK1207095495 Pyongyang Korean Central

Broadcasting Network in Korean

0100 GMT 12 Jul 95

[FBIS Translated Text] A banquet jointly arranged by the PRC People's Association for Friendship With Foreign Countries and the PRC-DPRK Friendship Association was held in Beijing on 11 July to mark the 34th anniversary of the signing of the DPRK-PRC Treaty of Friendship, Cooperation, and Mutual Assistance.

Placed in front of the banquet hall was the writing "Congratulations on the 34th anniversary of the signing of the DPRK-PRC Treaty of Friendship, Cooperation, and Mutual Assistance."

Invited to the banquet were Chu Chang-chun, our country's ambassador to the PRC, and embassy officials.

Also participating at the banquet were Qi Huaiyuan, president of the PRC People's Association for Friendship With Foreign Countries; Cui Yueli, president of the PRC-DPRK Friendship Association; Li Chengren, deputy head of the International Liaison Department of the party Central Committee; Vice Minister of Culture Chen Changben; and other functionaries concerned.

The president of the PRC People's Association for Friendship With Foreign Countries and our country's ambassador spoke at the banquet.

The participants toasted the traditional friendship and unity between the two peoples of the DPRK and the PRC, which were forged with blood; the eternal life of the great leader Comrade Kim Il-song; the long life and good health of the great leader [yongdoja] Comrade Kim Chong-il; and the long life and good health of Chinese

party and state leaders, including esteemed Comrades Jiang Zemin and Deng Xiaoping.

Reception Marks Anniversary of Treaty With PRC

SK1207050095 Pyongyang KCNA in English

0441 GMT 12 Jul 95

["Reception Given To Mark 34th Anniversary of Korea-China Treaty" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 12 (KCNA) — The Central Committee of the Korea-China Friendship Association and the Committee for Cultural Relations With Foreign Countries gave a reception at the People's Palace of Culture on July 11 to mark the 34th anniversary of the signing of the Korea-China treaty of friendship, cooperation and mutual assistance.

In his speech, Choe Hui-chong, chairman of the Central Committee of the Korea-China Friendship Association and chairman of the State Commission of Science and Technology, said Korea-China friendship is a precious one provided and cultivated by the great leader Comrade Kim Il-song together with the great leader Comrade Mao Zedong, esteemed Comrades Zhou Enlai and Deng Xiaoping, a relationship of traditional friendship that has overcome all trials of history.

Choe said the great leader Comrade Kim Chong-il, true to the intention of President Kim Il-song, is paying a particular attention to steadily upgrading Korea-China friendship generation after generation. The Korean people hold dear Korea-China friendship sealed in blood and will make active efforts to strengthen it further, he said. The Korean people, he noted, wish the Chinese people greater success in their efforts to implement the resolutions of the fourth plenary meeting of the 14th Central Committee of the Communist Party of China and unify the whole country in accordance with the policy of "peaceful unification, one country and two systems".

Chinese Ambassador Qiao Zonghuai recalled that Comrade Kim Il-song made great efforts for the sustained consolidation and development of Sino-Korean friendship, and said that the Chinese people, together with the Korean people, are overwhelmed with deep sorrow at his passing away.

Over the past one year after the passing away of Comrade Kim Il-song we have seen the Korean people changing the sorrow into strength and devotedly working to achieve continuous progress and development in all work under the guidance of the Workers' Party of Korea headed by the great leader Comrade Kim Chong-il, he said, and wished that the Korean people under his

guidance will continue to achieve fresh success in the socialist revolution and construction.

No matter how the international situation may change, we will invariably concentrate on Sino-Korean friendship and support the independent and peaceful reunification of Korea, he said in conclusion.

Vice-Premier Chang Chol and officials concerned were on hand at the reception and Chinese Embassy officials here present on invitation.

Leaders Attend PRC Treaty Anniversary Banquet

SK1207081295 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 12 Jul 95

[FBIS Translated Text] The Central Committee of the Korea-Chinese Friendship Association and the Committee for Cultural Relations With Foreign Countries arranged a banquet on 11 July at the People's Palace of Culture on the occasion of the 34th anniversary of the signing of the DPRK-PRC Treaty on Friendship, Cooperation, and Mutual Assistance.

Invited to the banquet were PRC Ambassador to our country Qiao Zonghuai and the embassy's officials.

Vice Premier Chang Chol; Chae Hui-chong, chairman of the Central Committee of the Korea-Chinese Friendship Association and chairman of the State Science and Technology Committee; Kim Yang-kon, director of a department of the Central Committee of the Workers Party of Korea [WPK]; Kim Chong-kak, vice minister of the Ministry of People's Armed Forces; Choe U-chin, vice ministry of the Ministry of Foreign Affairs; Chon Yon-ok, vice chairman of the Committee for Cultural Relations With Foreign Countries; and other functionaries concerned were present at the banquet.

Chairman Chae Hui-chong spoke at the banquet. Ambassador Qiao Zonghuai spoke next.

The participants at the banquet toasted to the eternal life of the great leader Comrade Kim Il-song who constantly developed friendly relations between the DPRK and the PRC, to invincible friendship and solidarity between the Korean and Chinese people, to a long life and good health of the great leader Comrade Kim Chong-il, and to a long life and good health of Chinese leaders, including esteemed Comrade Deng Xiaoping and Comrade Jiang Zemin.

Treaty Anniversary Banquet Held in Russia

SK0907111695 Pyongyang Korean Central Broadcasting Network in Korean 0800 GMT 9 Jul 95

[FBIS Translated Text] A banquet was held at the DPRK Embassy in Russia on 5 July to mark the 34th anniversary of concluding the treaty on DPRK-Russia friendship, cooperation, and mutual assistance.

Aleksandr Panov, Russian deputy foreign affairs minister; Yuriy Fadeyev, Russian ambassador to the DPRK; (Aleksey Mitropanov), vice chairman of the International Affairs Committee of the State Council; (Vladimir Tolstikov), chairman of the Central Council of the Russian Association of Friendship and Cultural Cooperation with the DPRK; and functionaries from the Foreign and Defense Ministries were invited to the banquet.

Son Song-pil, DPRK ambassador to Russia, and embassy employees were also on hand.

Speeches were made at the banquet.

Party Central Committee Presents Books to Jordan

SK1007150995 Pyongyang KCNA in English 1504 GMT 10 Jul 95

[FBIS Transcribed Text] Pyongyang, July 10 (KCNA) — The Central Committee [C.C.] of the Workers' Party of Korea [WPK] presented books to the Arab Islamic Democratic Movement of Jordan.

On July 2 the Korean ambassador to Jordan visited the headquarters of the movement and handed to its chairman works of the great leader President Kim Il-song and the great leader Comrade Kim Chong-il and Korean books sent by the C.C. of the WPK.

The chairman expressed thanks for this and said that President Kim Il-song, the great man who founded the outstanding guiding idea of the times and left a brilliant mark on the 20th century, is immortal with the chuche idea.

He noted that the members of his movement would strive to learn from the achievements and experiences peculiar to Korea.

Minister Sends Message to Venezuelan Counterpart

SK0807045305 Pyongyang KCNA in English 0403 GMT 8 Jul 95

[FBIS Transcribed Text] Pyongyang, July 8 (KCNA) — Foreign Minister Kim Yong-nam sent a message of greetings to Foreign Minister Miguel Angel Burelli Rivas on the occasion of the independence day of Venezuela.

The message expressed the belief that the friendly and cooperative relations between the two countries will develop on good terms and wished him great success in his work for friendship among nations.

Kang Song-san Greets Mongolian Prime Minister

SK1007214995 Pyongyang KCNA in English

1518 GMT 10 Jul 95

[FBIS Transcribed Text] Pyongyang, July 10 (KCNA)

— Kang Song-san, premier of the Administration Council, sent a message of greetings to P. Jasray, prime minister of Mongolia, on the 74th anniversary of the people's revolution in Mongolia.

The message expressed the belief that the friendly and cooperative relations between the two countries would continue to develop favourably in the interests of the two peoples.

Bangladesh Socialist Party Delegates Arrive

SK1107151695 Pyongyang KCNA in English

1508 GMT 11 Jul 95

[FBIS Transcribed Text] Pyongyang, July 11 (KCNA)

— A delegation of the Bangladesh National Socialist Party headed by its General Secretary Hasanul Huq Inu [spelling of name as received] arrived here today.

It was met at the airport by secretary Hwang Chang-yop of the Central Committee of the Workers' Party of Korea and officials concerned.

Entertained by WPK 11 Jul

SK1207044895 Pyongyang KCNA in English

0428 GMT 12 Jul 95

[FBIS Transcribed Text] Pyongyang, July 12 (KCNA)

— The visiting delegation of the Bangladesh National Socialist Party headed by its General Secretary Hasanul Huq Inu was entertained by the Central Committee of the Workers' Party of Korea [WPK] on July 11.

Addressing the reception, Secretary Hwang Chang-yop of the WPK Central Committee said that, for all the parties aspiring after socialism, to support and cooperate with one another constitutes a national duty and, at the same time, an international duty.

We highly estimate the just struggle of the Bangladesh National Socialist Party, which is defending the banner of socialism in the teeth of the undisguised anti-socialist campaign by the imperialists, and hope that it will achieve greater success in its future activities, he said, and continued:

We will make all efforts to further strengthen and develop the friendly relations between the two parties

in the efforts for independence of the working masses and socialism, as intended by the great leader Comrade Kim Il-song in his lifetime.

General Secretary Hasanul Huq Inu in his reply said it seems to him as if it were yesterday that last year he visited Korea and was honored with the audience of the great leader Comrade Kim Il-song, and he was not only the great leader of the Korean people but also the leader of the working class of the whole world and a philosopher.

The dear leader Comrade Kim Chong-il, who is creditably carrying forward the revolutionary cause of President Kim Il-song, is conducting energetic activities for the reunification of the country, world peace and socialism, he said, and continued:

The great leader Comrade Kim Il-song will be immortal in the hearts of the Korean people and the working class of the whole world.

The speaker hoped the Korean people under the leadership of the party would achieve greater success in their efforts for national reunification and socialist construction.

Kim Chong-il Said 'Great Man With Clairvoyance'

SK1107150795 Pyongyang KCNA in English

1504 GMT 11 Jul 95

["Peerless Great Man With Clairvoyance" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 11 (KCNA)

— The great leader Comrade Kim Chong-il stands in the van of the Korean people's onward movement today.

He is a peerless great man with clairvoyance.

All his thinking and activity are aimed at achieving eternal prosperity of the country and the nation as the great leader President Kim Il-song wished.

In July last year, upon receiving the unexpected sad news about the death of the president, the Korean people were wailing in bitter sorrow.

At that time, Comrade Kim Chong-il put up the following slogans of conviction and struggle to give the people a thousandfold strength and courage so that they could work hard to carry out the instructions of the president.

"The great leader Comrade Kim Il-song will always be with us" and "Let us arm ourselves more firmly with the revolutionary ideas of the great leader Comrade Kim Il-song!"

In response to these slogans, which reflect Comrade Kim Chong-il's clairvoyance, the Korean people rose

up, changing their sorrow into a thousandfold strength and courage.

They do not think President Kim Il-song passed away. They believe that he is with them and will always be with them.

He still indicates the road of the Korean revolution with the immortal *chuche* idea.

He visited factories, shook hands with workers and described their oil-stained hands as valuable. He visited farms every spring and discussed farm affairs with farmers. He called at a dining room of coal miners and even tasted soy bean paste, which was to be served to the miners. He showed warm loving care for the rising generation, the successors to the revolution.

These stories are still in the memory of people.

The great, wonderful situation of Korea, which heralds a new epoch, is a brilliant fruition of Comrade Kim Chong-il's loyalty and filial piety and his clairvoyance. He engraved the image of the eternal sun in the hearts of people.

History will hand down to posterity the great clairvoyance of Comrade Kim Chong-il, who put up the slogan—which calls on people to arm themselves more firmly with President Kim Il-song's revolutionary ideas, the lifeline of the Korean revolution—and clearly indicated the road of the revolution for the country and the people of Korea to follow generation after generation.

Kim Chong-il's Work Carried by Foreign Papers

SK1107043295 *Pyongyang KCNA in English*
0420 GMT 11 Jul 95

[FBIS Transcribed Text] *Pyongyang*, July 11 (KCNA) — Foreign newspapers reported the great leader Comrade Kim Chong-il's famous work "Giving Priority To Ideological Work Is Essential for Accomplishing Socialism."

The Nepali paper SREMIK and the British paper *ASIAN TIMES* July 4 carried the gist of the work with a portrait of Comrade Kim Chong-il each.

The Thai papers XING SAN RIBAO and SIN CHONG YUAN PAO July 5 carried the gist of the work, respectively with a picture of Comrade Kim Chong-il waving to the enthusiastic cheers of people and a picture of him examining a model board of the master plan of *Pyongyang*.

The Ugandan papers NGABO July 4 and people July 5 reported the gist of the work.

NGABO described the work as an encyclopedia, which is based on the principle of the *chuche* philosophy

founded by the great leader President Kim Il-song that man is the master of everything and decides everything, and which gives new hopes to the progressives of the world, who aspire after socialism, and indicates how they should struggle.

Kim Chong-il's Writings Reviewed

Focus on Party Work

952C0137A *Pyongyang NODONG SINMUN*
in Korean 29 Mar 95 p 2

[Article by Kim Pyong-hae, secretary of the North Pyongan Provincial Party Committee: "The Programmatic Writing That Brought About a New Turn in Executing Party Work in a Substantive Manner"]

[FBIS Translated Text] Our party is leading the revolution and construction to victory with an invincible militancy and power. This is the result of the seasoned leadership by which the great helmsman Comrade Kim Chong-il has led us sagaciously to improve and strengthen party work, namely, work with people, to suit the demands of the developing revolution.

The publication in 29 March 1975 of the great helmsman Comrade Kim Chong-il's programmatic writing on executing party work in a more substantive way is of great significance in strengthening the activities of our party, with a firm grip on work with people as its basic task.

This masterpiece is a programmatic writing that opened the way for converting party work squarely into work with people, enabling party organizations to strengthen party activities, with a firm grip on work with people as their basic task.

In this masterpiece the great helmsman Comrade Kim Chong-il taught party organizations how to thoroughly do away with the formalistic work style that manifested itself in party work in those days and carry out work with people in a more substantive manner.

The great helmsman Comrade Kim Chong-il pointed out as follows: "When organizational political work with people, that is, indoctrination work, is carried out properly, all other tasks will proceed smoothly."

To carry out work with people in a substantive manner is an important requirement for the working class party as the leading political organization in fulfilling its duties and obligations creditably.

The primary task of party work is work with people. This is the most appropriate party building concept elucidated by our party for the first time in history on the basis of the *chuche* ideology.

The party is not a power organ ruling the people, but a political indoctrinator of the masses. The object of party work is none other than the people, and the duty of the party is to indoctrinate party members and workers and bind them together so that they may voluntarily participate in the revolutionary struggle with strong enthusiasm. Therefore, the party should move forward by firmly grasping work with people as its basic task; and the results of party work manifest themselves in the substantive manner in which work with people is conducted.

The militancy and leadership capability of the party depend on how substantively party organizations carry out work with people. Ultimately, the success of the revolution and construction is decided by the measure of this substantiveness.

In his masterpiece, the great helmsman Comrade Kim Chong-il stressed that party work is none other than work with people, and clarified how party organizations should carry out work with people in a more substantive manner to suit the demands of the developing revolution. As a result, the masterpiece became a militant banner for party organizations and party functionaries in carrying out party tasks, with a firm grip on work with people as their primary task.

Thanks to their veracity and validity, the thoughts and theory expounded in the masterpiece were brilliantly applied in the building of our party and its activities in the past period, demonstrating its great vitality.

These past 20 years since the publication of the masterpiece have been a glorious time in which an epoch-making turn was brought about in party work, namely, work with people—a proud period in which our party functionaries learned in depth the validity and invincible vitality of the church-based party work style.

The significance and vitality of the masterpiece lie, above all, in the fact that it has enabled all party organizations to carry out work with people on a regular basis and in a substantive manner, thereby rallying the broad masses solidly around the party and the leader.

Rallying the broad masses tightly around the party and the leader constitutes an important principle governing party building and party activity, and is the primary duty of party organizations. In order for party organizations to fulfill this duty successfully, they need to carry out work with people in a substantive manner.

Elucidated in the masterpiece are problems, such as how party organizations should carry out work with people routinely and how to direct profound attention to work with the masses in all strata, so that they may rally them rightly around the party.

With the brilliant implementation of the thought expounded in the masterpiece regarding the necessity of conducting work with people on a regular basis, a new turn has come about in the work of party organizations and party functionaries.

In our party there are the firmly established an orderly system and revolutionary ethos of carrying out work with people on a regular basis. It has become an inviolable ironclad rule and a daily work ethos for our party functionaries always to go deep among the broad masses, with knapsacks on their backs, to familiarize them with the party ideology and party intentions and indoctrinate and lead them in a revolutionary manner, sharing the joys and sorrows with them, in the manner of the anti-Japanese guerrillas.

With party organizations and party functionaries indoctrinating the masses in the revolutionary way, with a grip on work with people as the first step, the level of political and ideological preparedness of our party members and workers has been improved beyond comparison and the wholehearted unity of the rank and file of our revolution, rallied around the great helmsman Comrade Kim Chong-il, has come to be strengthened still more.

The significance and vitality of the masterpiece also lie in the fact that it has brought about great victories and successes in the revolution and construction by enabling party organizations to execute in a systematic and substantive manner the tasks to implement the teachings of the great leader and their embodiment, party policies, through work with people.

To get a good grasp of party policy and implement it in a thoroughgoing manner is a basic duty of party organizations; and ultimately, success in party work, namely, work with people, manifests itself in the execution of party policy.

The masterpiece elucidates how party organizations should keep party members and workers abreast of the party's intentions in a deep and timely fashion, with a firm grip on the great leader's teachings and party policies as their embodiment, and properly carry out organizational political work among them so that they may bring their revolutionary spirit of self-reliance into full play. This is a valuable guiding principle that enables party organizations to implement party policies thoroughly by conducting work with people in a systematic manner.

Each time the party presents a policy, all party organizations take a firm grip on the task to implement it and vigorously galvanize the masses into its execution by using partywide political means. It is thanks to the vigorous efforts party organizations put into work with

people, namely, organizational political work, that in the past the numerous policy tasks proposed by the party were successfully carried out by dint of the masses' intense revolutionary fervor, and that today the intense revolutionary spirit of self-reliance is being given full scope in the struggle to implement the party's revolutionary economic strategy.

The great helmsman Comrade Kim Chong-il's masterpiece has also brought a new turn in the work of our North Pyongan Provincial Party Committee.

Our North Pyongan Province is a glorious place replete with numerous leadership records of the fatherly leader and the great helmsman Comrade Kim Chong-il, and it accounts for a large portion of the nation's economic development and people's livelihood.

The great leader and the great helmsman Comrade Kim Chong-il gave on-the-spot guidance in our province on hundreds of occasions since liberation, clearly showing us the goals our province should seek and the methods for attaining them.

In the past period the provincial party committee brought about a new turn in the work ethos of party organizations and party functionaries and effected signal progress in the economic tasks and the efforts to improve the people's livelihood, while carrying out its activities by upholding the thought expounded in the masterpiece about executing party work, namely, work with people, in a more substantive manner.

Today all party organizations and party functionaries in our province are strenuously conducting work with people, wherever and whenever, by cherishing deep in their hearts the thought about carrying out in a more substantive manner the party work expounded in the masterpiece, that is, work with people. All party functionaries, from responsible staff members down to functionaries at the base level, routinely go out to the production sites where the masses are at work and carry out work with people, sharing the joys and sorrows with them. The provincial party committee, in particular, has seen to it that all party functionaries, with a keen sense of loyalty to the party and the revolution, skilfully conduct work with people and rally the broad masses tightly around the party. In this process numerous party organizations, including the party committees of Changsong and Kujang Counties, have gained valuable experience in rallying the masses in all strata airtight around the party by carrying out work with people in an innovative manner.

In the past period, our province was confronted with numerous tasks to consolidate its material and economic foundations and improve its people's living standard by

upholding the teachings of the great leader and party policy. Each time a teaching of the great leader and a party policy, its embodiment, were presented, our provincial party committee carried out work with people, namely, organizational political work, in a systematic manner and vigorously galvanized the broad masses into action to implement this teaching or policy, on the basis of the thoroughgoing measures of implementation worked out. In particular, the committee stepped up partywide guidance in administrative economic work, with special emphasis on thoroughly implementing the teachings of the great leader and the instructions of the great helmsman Comrade Kim Chong-il and exalting the party's leadership achievements. As a result, we were able to achieve great results in executing the economic tasks confronting our province.

In the past period our province successfully carried out large-scale construction projects including the following: the Taechon Power Plant construction project, the oxygen separation plant construction project at the Nagnwon Machine Complex, the modernization project of the Sakchu Food Factory, the Taechon No. 5 Power Plant construction project, and the waterway construction projects in Unjon, Chongju, and Kwaksan. All these projects were carried out in accordance with the teachings of the great leader and party policies. Our province executed the party-proposed policy tasks creditably each time they were presented. It also waged an energetic struggle to implement the party policy for fixing the counties well and enhancing their role. As a result, numerous counties, including Changsong and Pyoktong Counties, have taken on a new look, with each playing an increasingly active role each passing day.

Through our experience in the past period, we have come to realize keenly the great measure of validity and vitality of the thought expounded in the masterpiece about carrying out work with people in a substantive manner through party activity.

We are firmly determined to strengthen the militant power of party organizations still more. We are firmly determined to actively contribute to the fulfillment of the cause of building socialism in our own way by continuing, as in the past, to uphold the great helmsman Comrade Kim Chong-il's word on carrying out work with people in a substantive manner and intensifying party work in accordance with the party intention.

Antisocialist Sophistry Exposed

952C0143A Pyongyang NODONG SINMUN
in Korean 1 Mar 95 p 2

[Article by Pak Nam-chin: "A Programmatic Writing That Has Convincingly Proven the Invincibility of the Cause of Socialism"]

[FBIS Translated Text] It has been two years since the great helmsman Comrade Kim Chong-il published his classic masterpiece "Slander Against Socialism Cannot Be Tolerated."

This classic shines as a monumental writing that has exposed the falsity of the sophistry of the socialist renegades and convincingly proven the validity and invincibility of the cause of socialism.

In his classic, the great helmsman Comrade Kim Chong-il smashed the false antisocialist propaganda that socialism is "totalitarianism," a "veritable boot camp," and "operating by administrative orders," and comprehensively and profoundly elucidated the inherent excellence of socialism. The classic, by virtue of the contemporaneity and validity of its thought, has become the beacon illuminating the road ahead for the revolutionary peoples struggling for socialism.

The great significance of this classic lies, above all, in that it serves as a stern indictment exposing every aspect of the sophistry of the imperialists and bourgeois revanchists slandering socialism.

The great helmsman Comrade Kim Chong-il pointed out as follows: "It is preposterous to accuse socialism of being 'totalitarianism' and a 'veritable boot camp' and operating by 'administrative orders.'"

With penetrating insight into the urgent demands of the times and the developing revolution, the great helmsman Comrade Kim Chong-il in his classic mercilessly crushed, with iron-clad logic, the sophistry of the renegades of the revolution maligning socialism.

Criticizing socialism as "totalitarianism" is a ridiculous quibble equating the most progressive thought that reflects the demands of the masses to the reactionary political ideology of a fascist dictatorship. Socialist society embodies the collectivist principle of "One for all, all for one." In socialist society, what is referred to as "all" means the whole mass of people. The masses of people are a social collective brought together by the common ties of their independent demands and creative activities. In socialist society, to work for the whole is in the last resort to work for the masses of people, and to protect the interests of the masses is to protect the interest of each and every worker making up the masses. On the other hand, what is

referred to as the whole under totalitarianism that serves the political ideology of the fascist dictators does not mean the whole masses of people, but a handful of privileged classes, such as the monopoly capitalists, big landowners, reactionary bureaucrats, and military caste. The reactionary nature of totalitarianism lies in the fact that it sacrifices the interests of the working masses for the sake of the interests of the avaricious reactionary exploiting class under the pretext that the individual should be subservient to the whole.

The charge that socialism is a "veritable boot camp" is a ridiculous quibble in the extreme. In capitalist society each individual is responsible for his or her livelihood, but in socialist society the party and the state take full responsibility for the livelihood of the people. Having the party and the state to look after the livelihood of the people in a responsible manner is the new way of life in socialist society in which the masses have become the masters. In socialist society all forms of domination of the masses by the privileged have been liquidated and the masses live in freedom under the care of the party and the state, with nothing to worry about, because everyone works and enjoys the same level of decent life. In capitalist society, on the contrary, the working people, having their dignity and personalities ruthlessly trampled upon by the privileged and the tyranny of capital, live in constant fear of unemployment, poverty, crime, and social evils. To vilify the system in which the party and the state guarantee an independent and creative life for the masses by calling it a "boot camp" is tantamount to reversing black and white.

To criticize socialism as operating by "administrative order" is also an unreasonable quibble. Socialist society—in which the masses have become the masters of state sovereignty and the means of production, and in which there are no privileged classes—by nature precludes any peremptory administrative management style of ramming home the demands of the privileged class by coercion as practiced in an exploitive society. The fundamental feature of the state and party in socialist society in which the masses have become the masters is that political work takes precedence in all activities, that the upper echelon assists the lower echelon, with all individuals cooperating with each other in the spirit of camaraderie. This is essentially different from the conventional bureaucratic administrative management method of ramming everything home by administrative orders. The management method of ramming things home by administrative order that appeared in the practice of socialism in the past was not the result of the inherent nature of socialism, but a legacy handed down from the old exploitative society.

The great helmsman Comrade Kim Chong-il noted that all antisocialist false propaganda slandering that socialism is "totalitarianism" and a "veritable boot camp" and operates by "administrative orders" is in the last resort tantamount to denigrating socialist collectivism and singing the praises of bourgeois individualism. He elucidated the supremacy of socialist collectivism over bourgeois individualism. Socialist society is a society based on collectivism in the sense that it gives first priority to the demands and interests of the social collective, whereas capitalist society is a society based on individualism in the sense that it places first priority on the demands and interests of the individuals. Only through collectivism can independent demands be best fulfilled. Collectivism makes it possible to strengthen unity and cooperation in the collective, enhance the creative role of all its members, and fulfill the independent stand of the collective and that of the individual simultaneously and in a satisfactory manner by combining the two. Socialist society based on collectivism is indisputably the most advanced society consistent with the independent nature of human beings.

The ideological theory of the classic that fully exposes the invalidity of the sophistry of the opportunists who denigrate socialism by calling it "totalitarianism," "a boot camp," and a system operating by "administrative orders," has been the death knell for the imperialists and the socialist renegades, but an inspirational banner giving great strength and courage to the revolutionary peoples.

The significance of this classic also lies in the fact that it has become a shining lighthouse brightly illuminating the true face of socialism for progressive humanity by evolving and perfecting the mass-centered socialist ideology for the first time.

Today, when revolutionary parties have set out to wage a struggle to rebuild socialism, it is of great significance to develop socialism into perfection.

In his classic the respected and beloved Comrade Kim Chong-il brought socialism into perfection by developing it with the masses at the center and made the most complete elucidation of the urgent problems to which mankind was awaiting immediate solutions in search of self-dependence.

As pointed out in the classic, true socialist society is the most advanced one in which the masses are the masters of all things, with everything in their service, and which ceaselessly develops itself by the united efforts of the masses.

The chuche-based socialist ideology developed into perfection by the respected and beloved Comrade Kim

Chong-il is the completely original ideology that has elucidated the essential nature and superiority of socialism and the inevitability of its development by placing the masses at the center for the first time.

According to the principles of conventional ideology, the essential nature and superiority of socialist society as distinct from exploitative society lies in the mode of social ownership of the means of production, and the driving force for socialist construction is determined by the degree of adjustment between the forces and relations of production, namely, an economic factor. We should not think that the essential nature and superiority of socialism as distinct from capitalism lie only in the mode of social ownership of the means of production. We should not also limit the determinant of the driving forces for moving socialist society to the socialist economic system itself. If we are to correctly solve the questions of the essential nature and superiority of socialist society and the driving force for its development, we need to view them by placing people, namely, the masses, at the center. Even when socialist relations of production are established, the society would be anything but a genuine socialist society if the masses were not the masters of all things, if everything did not serve them, and if the masses were not united as one. Under these conditions it would be impossible for socialism to give full scope to its superiority and develop itself.

The ideological theory of the respected and beloved Comrade Kim Chong-il on the essential nature of socialism and the inevitability of its development represents a great historic event marking a radical shift of the socialist ideology from a material/economic-centered ideology to a man-centered one. The theory is a powerful ideological and theoretical weapon that has dealt a crushing blow to the socialist renegades. With the elucidation of this ideology, it has been convincingly proved that socialist society is a genuine society of the people in which the masses are the masters of all things, with everything at their service, and which is superior to capitalist society beyond comparison in terms of the power of development.

The significance of this classic also lies in the fact that it is a great inspirational banner that has planted deep in our people's hearts the iron-clad conviction that our own way of socialism is number one.

The chuche-based socialist ideology elucidated by the respected and beloved Comrade Kim Chong-il has been translated into undeniable reality in our society. Socialism in our country, in a word, is the human-oriented socialism that embodies the chuche-based socialist ideology, namely, mass-centered socialism. Our socialism

is the system in which the masses are the masters of all things, with everything at their service, and which develops itself by their united effort.

The ideological theory of the classic that proves in depth the inherent supremacy of mass-centered socialism has made our people all the more deeply convinced that our own way of socialism is the model for genuine socialism and that the motherland of socialism is the number one.

Our people will rally around the great helmsman Comrade Kim Chong-il as one mind. They will work vigorously to make the country of chuche where the Kim Il-song race lives—their motherland of socialism—more affluent and powerful and make it shine forever.

Kim Il-song, Kim Chong-il Works Shown in Moscow

SK0707051695 Pyongyang KCNA in English
0443 GMT 7 Jul 95

[FBIS Transcribed Text] Moscow, July 5 (KCNA) — A room of works of Kim Il-song and Kim Chong-il opened in Moscow on July 3 on the occasion of the first death anniversary of the great leader President Kim Il-song.

Editor-in-chief of PATRIOT Mikhail Zemskov and other speakers said that the great leader Comrade Kim Il-song devoted his all to consolidating the socialist system centred on the popular masses and to achieving national reunification till the last moment of his life.

Only victory and glory, they added, are in store for the Korean people because Comrade Kim Chong-il, supreme leader of the Korean people, is steadfastly carrying forward the cause of Comrade Kim Il-song.

We will make a good use of the room of works so as to deeply study the idea and theory of the great Comrade Kim Il-song and Comrade Kim Chong-il and extensively introduce the struggle and life of the fraternal Korean people, they stressed.

Kim's Death Anniversary Commemorated in Japan

SK1207104995 Pyongyang KCNA in English
1034 GMT 12 Jul 95

[FBIS Transcribed Text] Tokyo, July 9 [date as received] (KNS-KCNA) — A memorial service was held in Japan on June 30 on the first anniversary of the death of the great leader President Kim Il-song.

It was sponsored by Hajime Ishii, new frontier member of the House of Representatives; Wataru Kubo, Social-Democratic member of the House of Councillors and secretary general of the Social-Democratic Party [SDP]; Makoto Tanabe, Social-Democratic member of the House of Representatives and former chairman of

the SDP; Tokuma Utsunomiya, former member of the House of Councillors; and other Japanese personages.

The memorial service was attended by Toichiro Kuno, Liberal-Democratic member of the House of Representatives; Sumiko Shimizu and Minae Kuboda, Social-Democratic members of the House of Councillors; Mutsuko Miki, secretary general of the People's Forum for the Promotion of Normalization of Diplomatic Relations Between Japan and the DPRK; Hiroshi Wakabayashi, secretary general of the Japan Committee for Support to the Independent and Peaceful Reunification of Korea; Kiyomi Nakagoji, chairman of the Japan-DPRK Academic Exchange Society; Shuhachi Inoue, director general of the International Institute of the Chuche Idea; Motofumi Makieda, former chairman of the General Council of Trade Unions of Japan (Sohyo); and other personages of Japan.

Present on invitation were First Vice-Chairman Yi Chin-kyu and Vice-Chairmen Paek Han-ki and Pae Pyong-tu of the Central Standing Committee of the General Association of Korean Residents in Japan.

The participants paid a silent tribute to the memory of President Kim Il-song.

Mutsuko Miki spoke on behalf of the sponsors. The speaker called on all people to cooperate so that the reunification of Korea and the normalisation of diplomatic relations between Japan and the DPRK may be achieved at an early date as taught by President Kim Il-song.

A lantern slide was screened to show President Kim Il-song's activities for victory in the Korean revolution and global independence.

Yi Chin-kyu and other personages made memorial addresses.

In the concluding speech, Ryosho Hayashi, director general of the Japan-DPRK Cultural Interchange Society, said: "President Kim Il-song is alive in our hearts."

He paid tribute to His Excellency Kim Chong-il, who is carrying forward the president's revolutionary cause. He called for making efforts for friendship between Japan and the DPRK.

Cambodia Commemorates Death Anniversary of Kim

SK1207104395 Pyongyang KCNA in English
1027 GMT 12 Jul 95

[FBIS Transcribed Text] Pyongyang, July 12 (KCNA) — A memorial service was held at the Korean Embassy in Phnom Penh on July 8, a year since the great leader President Kim Il-song passed away.

Laying before a portrait of President Kim Il-song in the service hall were floral baskets from Cambodian King Norodom Sihanouk, acting head of state Chea Sim, who is also president of the National Assembly, the government, the National Assembly, cabinet ministries and the city hall of Phnom Penh.

Pictures on the immortal revolutionary exploits of President Kim Il-song were on display in the entrance hall.

Present at the service were Chea Sim as a deputy of the king, Vice Prime Minister Kong Sam Ol, Minister of Foreign Affairs and International Cooperation Ung Huot and other officials of the government, the parliament and public organisations.

The participants paid a silent tribute to the memory of President Kim Il-song.

In his speech, Chea Sim as a deputy of his majesty King Norodom Sihanouk honoured the memory of his excellency Generalissimo Kim Il-song in the deepest reverence on the first anniversary of his death.

Although his excellency the generalissimo passed away, his immortal achievements will always remain in the hearts of the Korean people and the progressives of the world, who cherish peace, security and progress, said Chea Sim.

"We believe the Korean people will register great success in their efforts for the country's prosperity and reunification under the leadership of his excellency Marshal Kim Chong-il, the supreme leader of the DPRK, who is carrying forward the cause of his excellency the generalissimo," he added.

He stressed that his excellency Generalissimo Kim Il-song is immortal.

More Services Abroad Mark Death Anniversary

*SK1207102295 Pyongyang KCNA in English
1015 GMT 12 Jul 95*

[Spelling of all names as received]

[FBIS Transcribed Text] Pyongyang, July 12 (KCNA) — Memorial services on the first death anniversary of the great leader President Kim Il-song were held by the organisation of Afro-Asian Latin American People's Solidarity in Havana, the Asian Regional Institute of the Chuche Idea, the Southeast Asian Regional Office of the World Health Organisation, in Zimbabwe and Cuba, by the Indian Ghaziabad Society for the Scientific Study of Self-Reliance, the Liberal Democratic Party of Angola, in Antananarivo of Madagascar, by the Malagasy Institute for the Study of Chuche-Based Idea on Literature and Art, the Damascus Command of the

Syrian People's Army and the Swiss Committee for Supporting Korea's Reunification.

Floral baskets, bouquets and flowers were laid before the portraits of President Kim Il-song at the memorial service halls.

Those present observed a moment's silence in memory of President Kim Il-song.

At the memorial services the speakers were unanimous in saying that the great leader President Kim Il-song was the most outstanding leader ever in the 20th century and that his undying revolutionary feats would remain long in the hearts of the Korean people and the world people.

Ramon Pez Ferro, secretary general of the Organisation of Solidarity of the Peoples of Africa, Asia and Latin America, in a speech said the enduring exploits performed by Comrade Kim Il-song in his heroic life would remain long in the hearts of the Korean people and the world people.

Govind Narain Srivastava, secretary general of the Asian Regional Institute of the Chuche Idea, said his excellency the respected leader Kim Il-song was the greatest leader and a genius of humankind, who performed feats imperishable in history for the freedom and liberation of the people and human independence.

On behalf of the Zimbabwean party, government and parliament, Speaker of the Parliament C.E. Ndebele in a speech at the memorial service said Comrade Kim Il-song was, is and will be the eternal sun of humankind. The progressive people of the world will surely build an independent, new world under the banner of the chuche idea founded by Comrade Kim Il-song, he added.

Moven Mahachi, Politburo member of the Central Committee of the Zimbabwe African National Union-Patriotic Front and minister of defence, in a speech said though the great leader Comrade Kim Il-song passed away to the sorrow of people, he would be immortal like the sun of the universe for his undying feats for humankind.

Jesus Montane, political advisor to Comrade Fidel Castro Ruz, said though Comrade Kim Il-song passed away, his revolutionary cause will be creditably carried to completion by his disciples and posterity. He said he extends eternal glory to the great leader Comrade Kim Il-song.

On the occasion of the first death anniversary of President Kim Il-song a lecture was given and works carrying reverence for him were presented with a due ceremony in Egypt and a lecture was given in Uganda.

On the occasion Korean films were screened in the period from June 23 to July 2 at the Senegalese Society of Veterans, a unit of bodyguards of the Angolan president, the Air Force Command of the Angolan Armed Forces, the Permanent Conference of Social Engineering of Mexico, the Conakry National Palace of Guinea, the Togolese Fellowship Society To Honor the Memory of President Kim Il-song, the General Bureau of Film of the Ministry of Information of Togo, the Trade Union of Water Transport Workers of Denmark, the Mt. Paektu Czech-Korean Friendship Association, the Madagascar Agro-Science Research and Training Centre, the Dinamo Military Academy under the Ministry of Defence of Laos, the Group for the Study of the Chuche Idea of Comrade Kim Il-song of the Ministry of Education of Guyana. The Ukrainian Society for the Study of the Chuche Idea, and the Kivkoni Academy of Social Sciences of Tanzania.

Further on Commemorations Abroad

SK1107215595 *Pyongyang KCNA in English*
1512 GMT 11 Jul 95

[FBIS Transcribed Text] Pyongyang, July 11 (KCNA) — Memorial services were held in different countries of the world on the first death anniversary of the great leader President Kim Il-song.

Foreign party and state leaders of different countries including China, Madagascar and Jordan visited the Korean Embassies in their countries and laid floral baskets and bouquets before the portraits of President Kim Il-song to honour the memory of him.

The national preparatory committees for commemoration were formed, a memorial period was set and grand functions in different countries such as Nepal, Guyana, Nigeria, Zimbabwe, Mongolia and Ghana.

Various functions including memorial services, DPRK film shows, DPRK book and photo exhibitions and lectures were organised and press media published articles on this occasion in tens of countries.

State and party leaders and public figures of different countries such as Senegal, Uganda, Pakistan, Cambodia, India, Nepal, Benin and Madagascar sent answers to the questions raised by officials of the DPRK press organs. They stressed that the future of Korea is decisively guaranteed as it is under the tested leadership of the great leader Comrade Kim Chong-il.

Overseas Groups Praise Exploits of Kim Il-song

SK1207105395 *Pyongyang KCNA in English*
1044 GMT 12 Jul 95

["President Kim Il-song's Exploits Praised" — KCNA headline; spelling of all names as received]

[FBIS Transcribed Text] Pyongyang, July 12 (KCNA) — Answers to questions of the directors of the editorial boards of KCNA and MINJU CHOSON came from foreign figures upon the lapse of a year since the great leader President Kim Il-song passed away.

Maysouck Saysompheng, president of the Central Committee of the Lao Front for National Construction, chairman of the Laos-Korea Friendship Association and also chairman of the Lao Committee for the reunification of Korea, said Comrade Kim Il-song was the great leader who inspired the Korean people with firm confidence, and he established a socialist system and made a great contribution to developing it and defending peace in Korea and Asia.

He noted that Comrade Kim Il-song provided a historic framework in relations with the U.S., which had been in hostile relationship with the DPRK for a long time, to open the way of the peaceful reunification of the country for the posterity.

Didymus Mutasa, member of the Political Bureau of the Central Committee of the Zimbabwe African National Union-Patriotic Front and secretary for administration of the party, said that the great leader comrade President Kim Il-song founded the chuche idea to put forward revolutionary strategies and tactics for national, class and human liberation and clearly indicate the way of successfully building socialism and communism.

Ali Mohamed al-Olofi, editor of the Yemeni paper AS-RAI AL-AAM [spelling of paper as received], noted that President Kim Il-song's was a life of a prominent leader who performed immortal exploits for human liberation under the banner of socialism, the banner of anti-imperialism and independence.

The chuche idea created by his excellency the president is one of the greatest exploits he performed for humankind and it is a precious inheritance to be handed down through generations, the editor said.

He noted that the great leader His Excellency Kim Il-song was really an elder of the world statesmen, the greatest thinker and theoretician, the most prominent leader of the 20th century and a model of leaders who devoted all his life to the people.

Visitors to Kumsusan Memorial Palace on Visit

*SK1207043395 Pyongyang KCNA in English
0419 GMT 12 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 12 (KCNA) — Working people vowed to hold the great leader President Kim Il-song in high esteem forever and remain loyal to the great leader Comrade Kim Chong-il after they visited "Kumsusan Memorial Palace," which opened on the first anniversary of the death of President Kim Il-song.

Choe Song-sok, an anti-Japanese revolutionary war veteran, said:

"Kumsusan Memorial Palace" has been built and opened. Now our people harden their belief that their fatherly leader President Kim Il-song will always be with them. They can visit the supreme holy land of chuche, see him preserved in state and carry forward the chuche revolutionary cause in harmonious whole with him generation after generation.

"We anti-Japanese war veterans will safeguard respected General Kim Chong-il politically, ideologically and with our lives as we fought like a shield and a shell to defend President Kim Il-song with our lives during the anti-Japanese revolution. We will always take the lead in remaining loyal to the wise leadership of the general."

Pak Kum-sok, a department director of the DPRK Central People's Committee, said:

"The moment I saw President Kim Il-song preserved in state, I could hardly repress my surging emotions. I had never forgotten him but imagined him in my mind day and night since July last year. I will live and work with the belief that only when we hold him in high esteem for all ages, can we lead a worthy life."

Pak Yun-hwal, a general of the Korean People's Army, said:

"All the officers and privates will harden their belief that President Kim Il-song, the founder and builder of their party, state and army, will always be with them. They will be rifles and bombs to defend the respected supreme commander, as the president urged them to."

Kim Kyong-wan, president of Kim Chaek University of Technology, said:

"Comrade Kim Chong-il, reflecting the desire of the Koreans and all other people, took measures to preserve President Kim Il-song in state. This immortal exploit deserves praise by history and people generation after generation. I will fulfil the instructions of President Kim Il-song and train the rising generation to be able

communist revolutionaries who can carry forward the revolution."

Chong Chun-sil, director of the Chonchon County commercial management office, said:

"Our people are determined to hold in high esteem President Kim Il-song as the eternal sun of chuche. Whether they are happy or sad, whether they are faced with a blessing or ordeals, they will visit "Kumsusan Memorial Palace," see him preserved in state, renew their strength and courage and fight for a new greater victory, full of confidence and optimism."

Foreign Envoys Pay Tribute at Kumsusan Palace

*SK1207045395 Pyongyang KCNA in English
0446 GMT 12 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 12 (KCNA) — Foreign diplomatic envoys and embassy officials here Tuesday visited "Kumsusan Memorial Palace" where the great leader President Kim Il-song is preserved in state, and paid a tribute to him.

Charge d'affaires ad interim of the Syrian Embassy wrote in a visitor's book that they pay the highest tribute to Comrade Kim Il-song and that he, a symbol of friendship and peace, is immortal in their hearts.

The military attache of the Peruvian Embassy had this to say:

The significant place where the great leader Comrade Kim Il-song had wisely led the Korean revolution and the world revolution has been built on the highest level into a supreme holy land of chuche. The world people will more dynamically turn out to realise human independence looking up to "Kumsusan Memorial Palace" where he is preserved in state.

A councillor of the Chinese Embassy wrote in a visitor's book that the whole life of President Kim Il-song was a brilliant career of a revolutionary and that he is immortal in the hearts of the Chinese people.

The military attache of the Egyptian Embassy wrote in a visitor's book that the whole world honors the memory of the great leader President Kim Il-song in most humble reverence on his first death anniversary and under the wise guidance of his excellency the dear leader Kim Chong-il the Korean people will more energetically strive to accomplish their cause.

Former War Correspondent Visits Kumsusan Palace

SK1007053595 *Pyongyang KCNA in English*
0510 GMT 10 Jul 95

[FBIS Transcribed Text] Pyongyang, July 10 (KCNA) — Yi In-mo, former war correspondent of the Korean People's Army, who is called the incarnation of faith and will, on July 9 visited "Kumsusan Memorial Palace" where the great leader President Kim Il-song is preserved in state.

He entered the hall where the statue of President Kim Il-song is standing and expressed his respects in humble reverence to the fatherly leader who awarded the title of hero to him for discharging only the obligation of a soldier for the leader and the party and showed loving care.

At the hall where President Kim Il-song is preserved in state he repeatedly bowed and took a pledge to further glorify the noble title of the incarnation of faith and will in upholding the great leader Comrade Kim Chong-il with loyalty.

He wrote in the visitor's book that our Generalissimo Kim Il-song lives in the form of eternal life in "Kumsusan Memorial Palace" personally arranged by respected General Kim Chong-il.

Over '200,000' Visit Kim Il-song Statue Daily

SK0707051495 *Pyongyang KCNA in English*
0456 GMT 7 Jul 95

[FBIS Transcribed Text] Pyongyang, July 7 (KCNA) — The working people from all walks of life, overseas Koreans and foreigners go to Mansu Hill in Pyongyang day and night, their hearts burning with surging longings for the great leader President Kim Il-song.

These days before July 8 on which falls the first death anniversary of President Kim Il-song, more than 200,000 people visit the statue of the president on Mansu Hill on a daily average.

A total of 37.26 million people have visited the statue since the unexpected sad news of the death of President Kim Il-song was flashed in July last year like a bolt from the blue.

And over 16,000 overseas Koreans and 36,000 odd foreign friends called at the statue of President Kim Il-song on Mansu Hill to pay homage to him.

Warm feelings of the Korean people determined to remain loyal to the great leader Comrade Kim Chong-il, holding President Kim Il-song in high esteem for all ages, are flowing to Mansu Hill endlessly.

Workers, Youth, Soldiers Visit Kim's Statues

SK0907093495 *Pyongyang KCNA in English*
0852 GMT 9 Jul 95

[FBIS Transcribed Text] Pyongyang, July 9 (KCNA) — The working people, People's Army soldiers, youth and students of Korea on July 8 presented floral baskets and bouquets before the statues of the great leader President Kim Il-song in all provincial seats and time-honored places on the first anniversary of his death.

Floral baskets were laid before his statues in the name of local party and power bodies, administrative and economic bodies, working people's organisations, units of the Korean People's Army, public security organs, scientific, educational, culture and art, public health and press organs, industrial establishments and cooperative farms.

Working people from all walks of life, People's Army soldiers, youth, school children and students laid floral baskets, bunches of flowers and blossoms before the statues of President Kim Il-song.

They made bows with unbounded reverence and ardent longing for the president.

More Foreign Party Leaders Send Messages

SK1207045195 *Pyongyang KCNA in English*
0434 GMT 12 Jul 95

[Spelling of all names as received]

[FBIS Transcribed Text] Pyongyang, July 12 (KCNA) — The great leader Comrade Kim Chong-il received messages from party leaders of different countries on the first death anniversary of the great leader President Kim Il-song.

Among them were Chairman Chea Sim of the Central Committee of the People's Party of Cambodia, General Secretary H.S. Surjeet of the Central Committee of the Communist Party of India (Marxist), President Man Mohan Adhikari and General Secretary Madhav Kumar Nepal of the Central Committee of the Nepal Communist Party (United Marxism-Leninism), General Secretary Rashed Khan Menon of the Central Committee of the Workers' Party of Bangladesh, the Political Council of the Left Party of Russia and its Chairman Vladimir Burdygov, Chairman V.I. Skurlatov of the Executive Committee of the Russian Free Patriotic Party for "Revival," General Secretary Nina Andreyeva of the Central Committee of the All Union Communist Party of Bolsheviks, Chairman Vladimir Zhrinovskiy of the Liberal Democratic Party of Russia, First Secretary V. Tyulkin of the Central Committee of the Communist Workers'

Party of Russia, Chairman Florian Petrescu of the National Committee of the Socialist (Communist) Party of Romania, Chairman Victor Voichita of the Romanian Party for New Society, General Secretary Talal Hafun Ala Mai of the People's Unity Party (Unionist) of Jordan, Chairman Honorato Lando of the Liberal Democratic Party of Angola, and National Chairman Rafael Aguilar Talamantes of the Central Committee of the Lazaro Cardenas Front Party for National Reconstruction of Mexico.

Comrade Kim Chong-il received a message from the Central Committee of the Romanian Communist Party on the occasion.

The messages say that they pay a high tribute to the memory of President Kim Il-sung in deep reverence and that his idea and exploits will remain long in their hearts.

The messages express the conviction that though President Kim Il-sung passed away, the revolutionary cause pioneered and led by him will be carried to completion under the wise guidance of Comrade Kim Chong-il and socialism will grow stronger and develop in the Democratic People's Republic of Korea.

Foreign Leaders Continue To Send Messages

SK1007055595 *Pyongyang KCNA in English*
0507 GMT 10 Jul 95

[FBIS Transcribed Text] Pyongyang, July 10 (KCNA) — The great leader Comrade Kim Chong-il received messages from Sardar Farooq Ahmed Leghari, president of Pakistan; Benazir Bhutto, prime minister and chairwoman of the People's Party of Pakistan; Sani Abacha, head of state and commander-in-chief of the Armed Forces of Nigeria; Hafiz al-Assad, president of Syria; Alpha Oumar Konare, president and head of state of Mali; and Ali Hassan Mwinyi, president of Tanzania; on the occasion of the first anniversary of the death of the great leader President Kim Il-sung.

The messages express the deepest respect and reverence for President Kim Il-sung.

President Kim Il-sung will be immortal in the memory of humankind for his great exploits, say the messages.

The messages wish Comrade Kim Chong-il success in his work for carrying forward and accomplishing the revolutionary cause pioneered by President Kim Il-sung.

Pakistani President Sends Condolence Message

SK0907111395 *Pyongyang Korean Central Broadcasting Network in Korean* 2100 GMT 7 Jul 95

[FBIS Translated Text] The great leader [yongdoja] Comrade Kim Chong-il received a message from Sardar

Farooq Ahmad Khan Leghari, president of the Islamic Republic of Pakistan, on the first anniversary of the death of Comrade Kim Il-sung, the great leader of our party and our people.

The message is as follows:

Pyongyang.

To Your Excellency Marshal Kim Chong-il, chairman of the DPRK National Defense Commission and supreme commander of the Korean People's Army:

Your Excellency, in connection with the first anniversary of the lamentable death of the great leader His Excellency Kim Il-sung, who is the DPRK president, I express to you our sadness and your emotion.

With the sacrificial fighting spirit, President Kim Il-sung was a person who led his nation and who possessed great leadership ability. We will remember him as the great friend of Pakistan.

I express the most lofty respect to Your Excellency.

[Signed] Sardar Farooq Ahmad Khan Leghari, president of the Islamic Republic of Pakistan

[Dated] 3 July 1995, Islamabad

Mun Ik-hwan's Widow Places Flowers at Statue

SK0807052095 *Pyongyang KCNA in English*
0445 GMT 8 Jul 95

[FBIS Transcribed Text] Pyongyang, July 8 (KCNA) — Presbyterian Pak Yong-ki, widow of Rev. Mun Ik-hwan, laid a floral basket before the statue of the great leader President Kim Il-sung on Mansu Hill and made a bow with reverence for him on July 7 on the occasion of the first anniversary of his death.

She is chairperson of the 70 million Korean people's meeting for embracing national unification and chairperson of the family movement for realizing democracy in South Korea.

Written on the ribbon hanging from the floral basket were words reading "President Kim Il-sung, please don't worry about reunification of the country and take a good rest. From Pak Yong-ki of the 70 million Korean people's meeting for embracing national unification and the family movement for realizing democracy on behalf of Rev. Mun Ik-hwan and democratic figures in South Korea."

She was accompanied by Chong Kyong-mo, a Korean Resident in Japan.

Sihanouk Sends Flowers on Kim Death Anniversary
SK0807045795 Pyongyang KCNA in English
0417 GMT 8 Jul 95

[FBIS Transcribed Text] Pyongyang, July 8 (KCNA) — A floral basket was sent by His Majesty Norodom Sihanouk, king of Cambodia, to the Korean Embassy in Beijing on July 7 on the first death anniversary of the great leader President Kim Il-song.

NDFSK Lays Flowers at Kim Il-song Statue
SK0807045495 Pyongyang KCNA in English
0419 GMT 8 Jul 95

[FBIS Transcribed Text] Pyongyang, July 8 (KCNA) — Members of the Pyongyang mission of the National Democratic Front of South Korea (NDFSK) on July 7 laid a floral basket in the name of the NDFSK Central Committee before the statue of the great leader President Kim Il-song on Mansu Hill and made a bow on his first death anniversary.

On the same day Yi Chong-sang, chief of the mission, and members of the mission laid a floral basket before the bust of Comrade Kim Chong-suk, an indomitable communist revolutionary fighter, in the Revolutionary Martyrs Cemetery on Mt. Taesong and paid a silent tribute to her memory.

Foreigners Lay Floral Baskets at Kim's Statues
SK0907091895 Pyongyang KCNA in English
0833 GMT 9 Jul 95

[FBIS Transcribed Text] Pyongyang, July 9 (KCNA) — Indonesian Ambassador to Korea Zulkarnain Afri Pane laid a floral basket and made a bow on July 8 before the statue of the great leader President Kim Il-song on Mansu Hill on the occasion of his first death anniversary.

The Central Committee of the Association of Chinese Residents in Korea, Chinese residents in Pyongyang and a delegation of the Shenyang Business Company under the Ministry of Coal Industry of China laid floral baskets and made bows before the statue of President Kim Il-song on Saturday.

Chinese and other foreign guests and Korean residents in China on July 8 laid floral baskets before statues of President Kim Il-song in Hyesan, Kanggye, Sinuiju, Chongjin, Nampo, Hamhung and Wonsan.

Officials of consulates-general of China and Russia in Chongjin laid floral baskets and made bows before statue of President Kim Il-song in Chongjin on July 8.

Floral Baskets Sent to Kim Il-song Statue
SK0807044795 Pyongyang KCNA in English
0409 GMT 8 Jul 95

[FBIS Transcribed Text] Pyongyang, July 8 (KCNA) — Floral baskets were laid on July 7 before the statue of the great leader President Kim Il-song on Mansu Hill on the occasion of the first anniversary of his death.

Those organisations which sent the floral baskets were the International Institute of the Chuche Idea, the Latin American Institute of the Chuche Idea, the Peruvian National Association for the Study of the Chuche Idea and the Group for the Study of the Chuche Idea of the Latin Americans in Geneva.

'Kim Il-song Biography' Volume Published in Iran
SK1207104195 Pyongyang KCNA in English
1022 GMT 12 Jul 95

[FBIS Transcribed Text] Pyongyang, July 12 (KCNA) — The third volume of "Kim Il-song Biography" was published in Persian by the Sobhan Cultural and Service Publishing House of Iran on the first anniversary of the death of the great leader President Kim Il-song.

Printed on the front red cover of the book are a portrait of President Kim Il-song and the letters "The Morning Star of Korea" and "Kim Il-song Biography" Vol. 3.

Art Exposition on Kim Il-song: Tours Provinces
SK0707051595 Pyongyang KCNA in English
0507 GMT 7 Jul 95

[FBIS Transcribed Text] Pyongyang, July 7 (KCNA) — The travelling art exposition "The Great Leader Comrade Kim Il-song Is Always With Us" is going on in all parts of Korea.

It exhibits fine art works praising the greatness and brilliant revolutionary exploits of the respected leader President Kim Il-song and representing the unshakable faith and will of the Korean people to resolutely fight for the final victory of the revolutionary cause of chuche under the guidance of the great leader Comrade Kim Chong-il.

The exposition will continue till mid-September, making rounds of provincial seats.

Paper: Kim Il-song Always Our 'Eternal Leader'
SK1207110795 Pyongyang KCNA in English
1057 GMT 12 Jul 95

["The Great Comrade Kim Il-song Will Always Be With Us as Eternal Leader" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 12 (KCNA) — NODONG SINMUN today carries a by-lined article

titled "The Great Comrade Kim Il-song Will Always Be With Us as Eternal Leader."

The article says:

Today our people say that the great leader Comrade Kim Il-song will always be with them. It is not a mere expression of feelings to simply remember the great man of the past, but because respected President Kim Il-song encourages us to a new victory as the eternal leader in the form of eternal life.

The Korean people have long covered the road of revolution without any vacillation, holding him in high esteem.

The great leader Comrade Kim Il-song who had always led the Korean people along the road of victory and glory is preserved in state at "Kumsusan Memorial Palace" as he is in his lifetime.

This shows that he is always with us, not parting with us.

"Kumsusan Memorial Palace" constitutes a beacon of hope and a symbol of struggle and faith for our people.

He is preserved in state and our people live and struggle looking up to his image. This shows that he is always with us.

For his immortal exploits performed for the times, the revolution, the motherland and the people he is always with our people.

He is preserved in state, enjoying absolute trust and infinite respect from the people because he performed immortal feats for the independence of the popular masses.

He had wisely led the struggle of the world progressive people for socialism, national independence and peace with his resolute revolutionary principle and noble obligation, making great contributions to human independence.

There is no one but our leader who died at his post of duty in his office room. As long as there are revolution and people, he is always with us.

He is always with us as the great leader Comrade Kim Chong-il wisely leads our revolutionary cause.

It is entirely because respected supreme commander Comrade Kim Chong-il is standing at the head of our party and revolution that the great leader Comrade Kim Il-song is always with the people in the form of eternal life and his cause is being purely carried forward.

The fatherly leader is immortal as respected Comrade Kim Chong-il, the same as Comrade Kim Il-song in

idea, leadership and virtues, is standing at the head of our party and revolution.

Yanggang Power Stations Increase Production

*SK0807080195 Pyongyang Korean Central
Broadcasting Network in Korean 1200 GMT 7 Jul 95*

[FBIS Translated Text] In high spirits at having exceeded the plan of the first half of the year, small and medium power stations in Yanggang Province are maintaining high, steady production of electricity in July

Electric power producers of No. 5 power station to which Yi Myong-su belongs are working hard to produce even one kilowatt more of electricity and increased daily power production this month by efficiently managing the dam and plumbing.

Electric power producers of the Karimchon No. 5 power station have guaranteed the full operation and full capacity of every power facility with the high consciousness of being the masters of maintenance and production, thus producing more electricity than the plan.

17 Mar Hydroelectric Complex Increases Production

*SK1207005395 Pyongyang Korean Central
Broadcasting Network in Korean
1200 GMT 11 Jul 95*

[FBIS Translated Text] Functionaries and the working class of the 17 March hydroelectric power complex who are vigorously advancing by highly upholding the party Central Committee's slogans, are continuing the energetic struggle with the spirit of overfulfilling its June target. Workers here are maintaining and reinforcing structures well and are managing embankment works well to gather more water, thus sufficiently supplying it to the electric generator. They are also enhancing the efficiency of the hydraulic turbine and each power generation facility is under full operation, thus increasing production.

Party members and workers of the No. 1 power generation work site are carrying out facility and technical management well and are properly carrying on labor organization, thus, overfulfilling the daily electricity production target by 105 percent.

Hochongang Power Station Increases Production

*SK1207013895 Pyongyang Korean Central
Broadcasting Network in Korean
2100 GMT 11 Jul 95*

[FBIS Translated Text] Electricity producers of the Hochongang power station are vigorously pushing ahead

with electricity production by highly upholding the party Central Committee's slogans on the occasion of the 50th anniversary of the party founding. Thus, these days, they are overfulfilling daily electricity production targets by 110 percent.

This year they have overfulfilled monthly targets and are vigorously carrying out the struggle to produce more electricity with the same amount of water.

Electricity producers of the No. 4 power generation work site of the Three Revolutions Red Flag are emphasizing carrying out preventive repair work on power generation facilities and are operating power generation more rationally, thus overfulfilling daily targets by 110 percent.

Electricity producers of the No. 1 and No. 3 power generation work sites of the Three Revolutions Red Flag are also accepting high water levels and have a high efficiency operation, thus, achieving good results in production every day.

Editorial Exalts Supremacy of Korean People

952C0138A *Pyongyang NODONG SINMUN*
in Korean 27 Mar 95 p 1

[Editorial: "Let Us Enhance the Spirit of the Supremacy of the Korean People"]

[FBIS Translated Text] The spirit of the supremacy of the Korean people is the priceless ideological and spiritual source for making the honor and dignity of Korea's *chuche* felt eternally from generation to generation. The prevailing situation and the immense tasks confronting us today demand that all party members and workers cherish the spirit of the supremacy of the Korean people deep in their hearts and give full scope to it in every aspect of the revolution and construction.

The great helmsman Comrade Kim Chong-il pointed out as follows: "We must step up indoctrination of the supremacy of the Korean people among party members and workers so that they may fight staunchly for the fulfillment of the *chuche* cause of revolution, with intense pride and faith in the fact that their leader, their party, their country, and their socialist system are supreme."

Our people are a dignified people fighting staunchly with great pride and faith in the greatness of their nation. Our people's spirit of national supremacy has intensified beyond comparison, particularly since the great leader Comrade Kim Il-song passed away, when they began to feel his greatness all the more keenly. By enhancing this precious spirit, we must firmly establish *chuche* in the revolution and construction and wage a vigorous

struggle to bring to consummation the cause of building our own way of socialism.

The most important requirement in greatly enhancing the spirit of the supremacy of the Korean people is to cherish a profound pride and faith as a nation that shines with the name of the great leader, namely, the Kim Il-song nation.

The greatness of a nation lies in the greatness of its leader, and the pride of a nation is the pride it takes in its leader. That our people happened to have the great leader Comrade Kim Il-song as their esteemed leader was the most fortunate thing for our people since the era of Tangun, the founding father of the Korean Nation. To say that we have pride and faith as the Kim Il-song nation is to say that we have the pride that our nation—which holds the great Comrade Kim Il-song forever in high esteem as the founder of the socialist Korea and the sun of *chuche*—is number one; that we take pride in ourselves as the most revolutionary people who have created a superior new socialist way of life by following the leadership of the great leader; and that we have the honor of carrying on the revolution from generation to generation under the respected and beloved Comrade Kim Chong-il, who is exactly like the fatherly leader. Only with this intense pride and faith can we become true Korean communist revolutionaries permeated with the spirit of the supremacy of the Korean people.

For our party members and workers to deeply cherish their pride as the Korean nation that shines with the name of the great leader Comrade Kim Il-song is an important requirement in promoting the wealth, power, and development of their country, their fatherland, and defending its sovereignty firmly from generation to generation.

The struggle to promote the wealth, power, and development of our country, our fatherland, is aimed at enhancing the dignity of our nation in all sectors—political, economic, cultural, and military—in accordance with the last teaching of the departed great leader. We must give full scope to the outstanding qualities of our nation in the practical struggle for socialist construction, in order to develop every aspect of our social life by leaps and bounds. The driving force propelling this worthy struggle is the pride and faith in the greatness of the Kim Il-song nation and the intense self-consciousness and determination to add luster to this greatness. When all our people are armed firmly with the spirit of the supremacy of the Korean people, our country will become a powerful, sovereign, independent state known for its dignity with self-reliance, prosperity with self-sufficiency, and for being fortified by self-defense. Namely, it will be a

socialist paradise in which the affluent and cultured life of our people will burst into full bloom.

Our national dignity and sovereignty are guarded through a fierce struggle against the imperialists. When people fight undauntedly with the firm conviction that their leader, their party, and their system are supreme, even a small country can defend its national interest to the end, face to face with a big power. That was the priceless truth demonstrated by the practice of our revolution. The spirit of supremacy of the Korean people is the everlasting spirit enabling us to carry on the lifeline of our nation from generation to generation—the noblest patriotic spirit. By arming ourselves more firmly with this spirit, we must fully demonstrate the indomitable spirit and gallantry of our heroic people who can thwart any offensive of the imperialists by turning misfortunes into blessings.

All party members and workers must above all learn in still greater depth the greatness of the great leader Comrade Kim Il-song, who opened a new chapter in the history of the Korean people.

In bygone days our people lived in poverty and under oppression, with their country disappeared from the world map, but subsequently they were able to walk down the road of resurrection and prosperity and became the most dignified and happiest people when they came to have the great leader, the peerless patriot and legendary hero, as their leader. The glorious history of our people who have created the most brilliant exploits of the 20th century, their present glories shining throughout the world, and, for that matter, the still more dazzling future of the Korean nation are inseparable from the name of the great leader.

All party members and workers should never forget the immortal exploits of national historical significance produced by the fatherly leader, the peerless great man whom our nation came to have as its leader for the first time in its 5,000-year history. They should ceaselessly add luster to the national glory achieved in his era. We must see to it that our future generations will hold the great leader in high esteem as befitting the descendants of the Kim Il-song nation, upholding the revolutionary slogan "the great leader Comrade Kim Il-song is with us forever."

By having the respected and beloved leader Comrade Kim Il-song—a peerless great man who was equally distinguished in literary and military accomplishments and in loyalty and filial duty—as its great leader, our nation was able to become a proud nation enjoying the fortune of having a line of successive outstanding leaders from one generation to another. All party members and workers must always hold deep in their

minds how our nation has been able to safeguard its sovereignty and usher in a golden age of prosperity in this land under the leadership of the great helmsman Comrade Kim Chong-il, and with this realization they must enhance in every aspect of the revolution and construction the national dignity and honor of having the great helmsman in high esteem.

To have the firm viewpoint and stand that the *chuche* ideology founded by the great leader Comrade Kim Il-song is supreme is an important requirement in enhancing the spirit of the supremacy of the Korean people today.

The history of our national resurrection and prosperity is none other than the history of the victory won by the *chuche* ideology. From this history we should learn in depth the truth that the dignity and honor of a country and nation are determined not by the size of its territory or population, but by the greatness of its guiding ideology. All party members and workers must step up the study of the thought, theory, and methodology of *chuche* and deeply cherish the conviction that the only road open to our nation, and humanity for that matter, is one illuminated by the *chuche* ideology.

Our party members and workers who live in the glorious motherland of the *chuche* ideology, must become absolute believers of the *chuche* ideology, thoroughgoing champions and executors of the *chuche* ideology, who act in tune with the heartbeats of *chuche* and in accordance with the thought and will of our party.

They must wage a vigorous struggle to translate the spirit of the supremacy of the Korean people thoroughly into action in every facet of socialist construction.

It is the firm determination of our party for our country to see that our fatherland, which shines with the name of the great leader, stands in the forefront of the times as it should in every aspect. We must brilliantly implement the unshakable will of the great helmsman Comrade Kim Chong-il to build a rich and powerful country which will lead the rest in every field, not only political, ideological, ethical, and cultural but also scientific, technological, and economic.

All party members and workers must give full scope to the revolutionary spirit of self-reliance and fortitude and thoroughly implement the party's revolutionary economic strategy in order to strengthen the nation's economic power in every possible way and build the country into a better paradise to live in.

In making only one product or erecting only one building, we must make or build it better, so that it may demonstrate our nation's resourcefulness, and we must produce everywhere such innovative results as we

can be proud of before the whole world. In particular, we must develop science and technology and exert great efforts to make our country richer, stronger, and more advanced through science and technology.

Party organizations must intensify propaganda on the greatness of the party and the leader to suit the demands of the developing revolution so that everyone may cherish deeply the pride and faith of belonging to the people blessed with the outstanding leadership.

At the same time, party organizations must make party members and workers cherish more deeply the faith that their country, their fatherland, which is going forward following the leadership of the great helmsman under the banner of the *chuche* ideology, is number one by letting them know the miserable conditions prevailing in those countries where socialism collapsed, as well as in the capitalist countries. In so doing, party organizations should make party members, workers, and the growing generation firmly prepare themselves as true *chuche*-type revolutionaries and fervent patriots fighting devotedly to enhance the honor of the Kim Il-song nation.

South Korea

Seoul Seeks To Abolish Missile Pact With U.S.

SK1207045095 Seoul CHOSON ILBO in Korean
12 Jul 95 p 6

[Report by Kyong Yong-won: "Would Development of 180-Odd-Kilometer Missiles Be Possible?"]

[FBIS Translated Text] The government officially revealed its position to push ahead with abolishing the "ROK-U.S. Agreement on Restriction of Development of Ground-to-Ground Missiles." People pointed out that this agreement is disadvantageous to the ROK side because it restricts the ROK from developing ground-to-ground missiles with a range of more than 180 or so km. Thus, public opinion is focused on the background of the government expressing such a position.

During a main session of the National Assembly on 10 July, Assemblyman Chang Chun-ik from the Democratic Party raised a question concerning restrictions on the ROK from developing ground-to-ground missiles. Answering the question, Foreign Minister Kong No-myong stated that "it is true that with such restrictions on missile development, related industries have been unable to make progress and our fire power has been limited. This being the case, our government is making efforts to abolish the agreement." Thus he clarified our government's position. It is the first time since the ROK and the United States reached the agreement in 1990 that a high-ranking official of our government clearly stated such a position at an official occasion.

The agreement in question, concluded with the United States in 1990, actually restricts our country from developing not only missiles with a 180-odd km range, but also civilian rockets.

Since the early 1980's, military authorities independently pushed ahead with development of the "Hyonmu" missile, which is an improved type of "White Bear" missile. However, due to restrictions in this agreement, they were unable to make the range of the "Hyonmu" missile more than 180 km, although they had the capability. Therefore, experts and relevant government officials pointed out that it is unreasonable for the ROK to come under U.S. control, even though it does not receive U.S. technological support. Furthermore, beginning in the early 1980's each nation of the world developed ground-to-ground missiles in succession as strategic means. Even North Korea last year completed development of the Nodong No.1 missile, which has a range of 1,000 to 1,300 km, and is now developing missiles and guns with a range of 2,000 to 2,500 km. This fact has increased complaints by the ROK people.

However, the United States reportedly stressed that the ROK's development of missiles with a range of more than 180 km would irritate North Korea and neighboring states, thus expressing disagreement. This being the reality, the people's attention is focused on how our government will harmonize domestic public opinion and the U.S. position in a bid to settle the issue of restrictions on missile development.

Background of Issue

SK1207065495 Seoul SEOUL SINMUN in Korean
12 Jul 95 p 6

[Report by Pak Chae-pom: "Background of Remarks by Foreign Minister Kong No-myong on 'Pushing for Missile Development'"]

[FBIS Translated Text] During a National Assembly session on 10 July, Foreign Minister Kong No-myong stated that "the government is pushing for abolishment of the ROK-U.S. agreement restricting ground-to-ground missile development and that it will review the ROK joining the MTCR [Missile Technological Control Regime]." Thus, the question of developing long-range missiles is likely to emerge as a major military issue surrounding the Korean peninsula.

In 1979, the ROK launched the development of "Hyonmu" missiles. This being the case, the United States requested the conclusion of an ROK-U.S. agreement restricting development of ground-to-ground missiles. As a result, the agreement was signed in 1990 by working-level officials. This agreement restricts the development

of missiles with a range of more than 180 km. It has been learned that this restriction was designed to prevent the ROK from attacking Pyongyang directly from Seoul.

On the other hand, the MTCR allows the development of missiles that have a maximum range of 500 km, a 500-kg payload capacity, and that can carry nuclear, chemical, or biological weapons. Therefore, the government's decision to abolish the ROK-U.S. agreement restricting development of ground-to-ground missiles and to review its participation in MTCR is intended to promote technological development to a certain level by joining the MTCR at a time when the ROK cannot develop a propellant capable of firing more than 180 km because of U.S. control.

In addition, it is highly likely that by voluntarily joining the MTCR, which the U.S. side has strongly pushed, the ROK will seek to materialize international control over North Korea's mass lethal weapons. The United States first announced the MTCR in 1987 with the intention of controlling the transfer of missile-related technology and parts through an international regime and effectively restricting guided missile development, which had been expanding recklessly. To keep step with this, Great Britain, France, Germany, Italy, Canada, and Japan joined the regime one after another. As of the end of 1994, 25 countries joined the regime.

The United States pays as much attention to accomplishing this regime as it does accomplishing the Nuclear Nonproliferation Treaty. In fact, the United States recently succeeded in preventing Taiwan from developing "Sky Horse," a guided missile with a range of 1,000 km, thus greatly contributing to restricting missile development.

In particular, it was learned that following the settlement of North Korea's nuclear problem, the United States formulated an internal plan last year to direct efforts to accomplish the MTCR and a treaty on chemical and biological weapons. In addition, to cope with the serious threat posed by conventional weapons on the Korean peninsula, the United States worked out a long-range strategy to achieve the goal of economic security by promoting stability in the Asian-Pacific region based on the peace structure on the Korean peninsula.

To comply with this the ROK intends to contribute to accomplishing the MTCR by the U.S. side and to encourage the United States to increase pressure on North Korea to concretely materialize its control over North Korea's mass lethal weapons, including the Nodong missile, with its range of more than 1,000 km, and other missiles.

BEM Meeting 'Avenue' To Improve Ties to U.S.

*SK1207002395 Seoul THE KOREA TIMES in English
12 Jul 95 p 8*

[FBIS Transcribed Text] The Korean government is hoping to utilize the inaugural "Big Emerging Markets (BEMs)" conference in Washington later this month as an opportunity to improve its trade relations with the United States.

Officials of the Ministry of Trade, Industry and Energy [MOTIE] said yesterday that while the basic motive of the meeting is to introduce new U.S. trade policies, it may prove to be an avenue for improving bilateral ties.

The BEMs Conference, to be held at Georgetown University July 24-25, is being organized by the Department of Commerce.

Some 13 developing countries are expected to attend.

According to Chu Yong-chun, who is in charge of Korea's participation in the meeting, the meeting could also be used to promote improving investment conditions in Korea.

"We basically view the BEMs Conference as a two-way opportunity to both learn about new U.S. policies and familiarize American companies with changing conditions at home," he explained.

The conference will be attended by leading economic scholars and business leaders, including Yu Chang-hui, president of the Korea Institute for International Economic Policy (KIEP) and Yi Kyong-hun, chairman of Daewoo Corp.

One of the highlights of the meeting will be a keynote speech by MOTIE Minister Pak Chae-yun who will be in Washington accompanying President Kim Yong-sam on his official visit to the United States.

In the speech, Pak is expected to explain Korea's on-going liberalization policies and enhanced investment conditions in an effort to encourage American companies to bring their manufacturing operations to Korea.

To gather ideas for the speech and to discuss the plans for the conference, Pak is to meet this morning with business leaders and economists, including Kim Un-sang, vice chairman of the Korea Foreign Trade Association (KFTA) and Pak Yong-chol, president of Korea Institute of Finance.

MOTIE's Chu said the conference will take the form of panel discussions by country participants and representatives from the Commerce Department with audiences from the business community.

The main regions targeted in the first BEMs Conference are Asia, including China and Indonesia, Central and South America, and the former Eastern Europe.

"While there will not be any participants from the respective governments, we are expecting that there will be an environment conducive to promoting goodwill and coexistence," Chu said.

He said the meeting will be an excellent opportunity to learn first hand about new trade policies of the Clinton administration so that Korean companies can develop competitive strategies for the American market.

Normalization of U.S.-Vietnam Ties Examined

Decision Welcomed

SK1207093395 Seoul YONHAP in English
0931 GMT 12 Jul 95

[FBIS Transcribed Text] Seoul, July 12 (YONHAP) — South Korea Wednesday welcomed normalization of relations between the United States and Vietnam, praising efforts by leaders of the two countries to develop future-oriented bilateral relations.

Foreign Ministry Spokesman Yu Kwang-sok also hoped that the improvement in relations between the United States and Vietnam could contribute to enhanced security and prosperity in the Asia-Pacific region.

Significance Viewed

SK1207055095 Seoul CHUNGANG ILBO in Korean
12 Jul 95 p 3

[Editorial: "Ripples in Establishment of U.S.-Vietnam Diplomatic Relations"]

[FBIS Translated Text] Diplomatic relations between the United States and Vietnam have been normalized. Diplomatic relations were concluded 20 years after the United States first set foot in Vietnam during a war between the two countries that started in 1965. By officially settling old enmities, a basis has been provided for expanded exchange and cooperation between two countries who suffered through war for 10 years. In 1994, the United States lifted its export embargo on Vietnam, and in January both countries exchanged liaison offices. Since work to improve relations has been carried out for a long time, the establishment of diplomatic relations between the two countries was expected.

As a result, conditions have been set up for U.S. companies to compete with other countries' companies that have already advanced into Vietnam. Vietnam can now hope to get most-favored-nation treatment when trading with the United States. Simply viewed

from a bilateral level, there is no special aspect that is noteworthy. However, the effect it will have on international politics is not that simple.

What we must first pay attention to is the political and economic weight Vietnam occupies in the Southeast Asian region. Vietnam will join the Association of Southeast Asian Nations on 28 July. Vietnam will be the second largest country in this region's cooperative body. Traditionally, Vietnam has resisted the expansion of China's influence in this region. Along with their cautious regard for China's economic and military expansion, which has recently come to the fore, relations between the United States and China have become subtly tense. In this context, the overture between the United States and Vietnam will have a great influence on the international political situation surrounding China.

Another point we must pay attention to is the historical significance of the removal of the Cold War legacy of the Vietnamese War by the establishment of diplomatic relations between the two countries. As the last remaining victims of the Cold War, the establishment of diplomatic relations between the United States and Vietnam is a painful symbol to us.

More Competition Expected

SK1207054395 Seoul YONHAP in English
0537 GMT 12 Jul 95

[FBIS Transcribed Text] Seoul, July 12 (YONHAP) — The normalization of U.S.-Vietnam relations is expected to affect South Korea's business links with the Southeast Asian country.

The establishment of formal relations between the United States and Vietnam will bring about intensified competition for South Korean firms engaged in communication, petrochemical and oil field development projects there, a government official predicted Wednesday.

Korean textile firms, that have moved their production bases to Vietnam, however, are expected to enjoy substantial benefits from the latest diplomatic development as Vietnam's exports to the United States are anticipated to jump.

The International Trade and Industry Ministry's Africa, Mideast and Southeast Asia Division director, Kim Chin, said that American investments in Vietnam are expected to be concentrated on large-scale communications, petrochemical and oil field development projects, investments which have so far been restricted by Washington, adding that this may adversely affect South Korean firms engaged in these sectors there.

Choe Pong-hyon, a researcher at the Korea Institute for Economics and Trade (KIET), opined that Korean textile firms operating in Vietnam will benefit from an anticipated increase in Vietnam's textile exports to the United States.

South Korea's investments in Vietnam, centered on electricity, electronics, steel, footwear, textiles and non-ferrous metals, numbered 111 and amounted to 441 million U.S. dollars as of the end of February. South Korea is the fourth largest investor in Vietnam following Taiwan, Hong Kong and Singapore.

North Reported Building Guardpost at Panmunjom
SK1207084695 Seoul KBS-1 Radio Network
in Korean 0800 GMT 12 Jul 95

[FBIS Translated Text] It has been learned that North Korea is building a new guardpost in the North's sector of Panmunjom. A senior military official said today that North Korea is building an eight meter-high structure that seems to be a guardpost in the North sector of the Joint Security Area [JSA] in Panmunjom, erecting a large screen to block the view.

The senior military official said this act by North Korea seems to be part of its tactics to disable the Armistice Agreement, such as crossing the Military Demarcation Line in the DMZ, in order to sign a peace agreement with the United States.

Next 3 Months 'Most Important' for Kim Chong-il
SK1207085895 Seoul CHUNGANG ILBO in Korean
8 Jul 95 p 8

[By correspondent Yu Yong-ku from Beijing and Harbin]

[FBIS Translated Text] The period from July to September is the most important for Kim Chong-il.

He must prepare for the Seventh Party Congress, resolve the food crisis, and resolve important pending diplomatic issues concerning relations with the United States, Japan, and the PRC. He must decide how to deal with the contacts between North and South Korean authorities that have resumed due to the rice deal.

During this period, he must make policy decisions on most of these issues.

It is no exaggeration to say that whether North Korea achieves political stability after safely passing through this transitional period or whether it sinks into crisis will be determined during this three-month period.

The Seventh Party Congress is very important.

The party congress should form a new central committee. Sources say: "The retirement of all elderly leaders will not occur."

However, there may be a generational shift in low-level government or regional offices. Considering the symbolism of the old guard in inheriting the revolutionary cause, the party's Central Committee will probably retain them, with young people joining the Central Committee. As a result, the party Central Committee will become a combination of elderly, middle-aged, and young members. A "work report" will be delivered at the Seventh Party Congress to sum up the political and economic affairs in the 15 years since the Sixth Party Congress.

The report will be filled with references that stress the importance of the *chuche*-oriented revolution and justify Kim Chong-il as party general secretary and/or president. Given North Korea's latest political policies, the report will stress monolithic leadership while resolutely rejecting political pluralism (a multiparty system).

The report is expected to stress the economic achievements of the past 15 years, and merely mention general economic principles. In the report, North Korea will stress Kim Il-song's behests and will choose the "North Korean-style" limited reform and opening up, directing primary efforts to agriculture, light industry, and foreign trade.

It is expected that the assessment of the economic achievements of the past several years, and specific plans for each sector of the national economy, will be mentioned in a "policy speech" that the would-be president will deliver at a session of the Supreme People's Assembly.

North Korea has been increasing its propaganda activities with regard to Kim Chong-il's election. Sources say propaganda material highlighting Kim Chong-il's achievements, which are currently displayed at the new exhibition hall of the Museum of Korean Revolution, are now also being displayed at revolutionary history institutes of various government offices, enterprises, plants, and farms.

They add that in its propaganda, North Korea stresses Kim Chong-il as a ruler who, under Kim Il-song's guidance, has decided on and implemented all policies over the past 15 years and has brought about many achievements in party organization and in the ideological, military, economic, scientific, cultural, and artistic fields. In this way, North Korea stresses that Kim Chong-il has inherited Kim Il-song's ideas and traits as a leader.

It is not clear whether foreign leaders will be invited to the upcoming party congress, at which Kim Chong-il

will be inaugurated as party general secretary. Because of North Korea's difficulties in inviting important foreign leaders, it is expected the upcoming party congress will be smaller than the Sixth Party Congress. Whether North Korea will make public the internal state of the party is still uncertain.

North Korea may receive congratulatory groups of socialist parties from the PRC and other countries. Whether PRC President Jiang Zemin will visit North Korea as general secretary of the CPC is of great interest. This will depend on the judgment of the North Korean Workers Party.

There is also speculation that Kim Chong-il will delay his presidential inauguration since he needs to resolve economic difficulties and problems concerning relations with foreign countries and South Korea.

The economic policy for the period of adjustment, which began in 1994, is known as the "revolutionary economic strategy." It calls for implementing a policy of directing primary efforts to agriculture, light industry, and foreign trade. However, the policy has not been implemented effectively because of acute food shortages and the slow growth of foreign trade.

Under these circumstances, North Korea must find a way to rehabilitate the economy via external sources. That is, it is important to open liaison offices with the United States, hold negotiations on establishing diplomatic relations with Japan, attract foreign investment in the Najin-Sonbong region, and resolve the food shortages.

Defector on Kim Chong-il Assuming Party Post

SK1207002195 *Seoul THE KOREA HERALD*
in English 12 Jul 95 p 2

[FBIS Transcribed Text] Kim Chong-il is expected to assume the post of general secretary of the North Korean Workers' Party on Oct. 10, the 50th anniversary of the party, a North Korean defector said yesterday.

Kang Myong-to, who defected to the South last July, said Kim Chong-il is not expected to assume the post of state president, though.

A son-in-law of North Korean Premier Kang Song-san, the defector said that North Korea is expected to abolish the presidency and let the nation continue to be ruled by the spirit of the late leader Kim Il-song, Kim Chong-il's father.

North Korea is expected to reorganize its government after Kim Chong-il assumes the top party post, he said.

After the death of Kim Il-song, who ruled the diehard Stalinist nation for almost 50 years and now rests at

the Kumsusan Memorial Palace, he said Kim Chong-il must have lost a number of his father's followers since he lacks the charisma his father possessed.

North Korea will have to adopt open-door policies gradually to revive moribund economy and relieve a severe food shortage, he said.

In fact, he said, a number of North Korean economic leaders, including the Prime Minister Kang Song-san, are supporting open-door policies and promoting free trade.

"The North Korean authorities know that they have to bring economic stability. Otherwise, Kim Chong-il will not last long," he said.

Kang said that North Korea will seek improved relations with the United States while refusing to establish any official ties with the South for the next couple of years.

He said he does not expect inter-Korea summit talks to take place as soon as the South expects.

DPRK Future Under Kim Chong-il Assessed

SK1107124195 *Seoul SEOUL SINMUN* in Korean
9 Jul 95 p 5

[Article by Ku Pon-yong]

[FBIS Translated Text] "Comrade Kim Il-song was the greatest figure, equipped with all the noble virtues and temperaments. Comrade Kim Chong-il is today's Kim Il-song, inheriting the leader's ideas and features."

This was part of a speech made by Yang Hyong-sop, chairman of North Korea's Supreme People's Assembly, at a central memorial service held at Pyongyang Stadium. The service was held on the evening of 7 July to mark the first anniversary of Kim Il-song's death. However, there is still an enormous gap between the charisma of Kim Il-song and that of Kim Chong-il. Kim Il-song's "behests" continue to rule North Korea even though he died a year ago. In addition, Kim Chong-il himself still wears on his chest the "portrait" (badge) of his father.

The entire North Korean society seems unable to escape the net of power cast by Kim Il-song while he was alive. This signifies that Kim Chong-il has a weak foundation of support in North Korea and is unable to hold power as his father did.

As a matter of fact, according to foreigners who have recently visited North Korea, ordinary residents still show absolute loyalty only toward Kim Il-song. It is also rumored there are signs of discontent with Kim Chong-il. What is more, North Koreans blame Kim Chong-il

for the recent food crisis, saying the crisis is because "a thoughtless boy rules North Korea."

Even though it is hard for North Koreans to directly compare their economy with that of South Korea and the West because of their restricted access to information, they seem to know their economy is sagging even further than before. In the early 1970's the residents could sustain their lives; in the mid-1970's they began to realize that the North Korean economy was deteriorating.

This is what compels the Kim Chong-il system to seek alternatives to develop its economy. Despite the loss of face, this is why the North Korean authorities accepted rice from the ROK.

Compared with his father, Kim Chong-il's ability to grasp and hold power is weak.

Of course, Kim Chong-il has won support from veterans who were engaged in guerrilla activities with Kim Il-song. In addition, he has the full support of the second and third generations of the revolution who are his seniors and juniors from the Mangyongdae Revolutionary School and Kim Il-song University.

However, the forces that surround Kim Chong-il know only how to share privileges and do not share the same "blood relations" with Kim Chong-il as Kim Il-song shared with the first generation of the revolution. Accordingly, North Korea experts predict that if the situation worsens, the majority will turn their backs on Kim Chong-il.

This is not irrelevant in light of the fact that Kim Chong-il has failed to place his men in top posts even though one year has passed since Kim Il-song died.

Of the figures of the second generation of the revolution who have been distinguished as Kim Chong-il's right-hand men, the only one who remains active is Kim Yong-sun, chairman of the Asia-Pacific Peace Committee and the man reportedly in charge of the rice negotiations and April's Pyongyang festival. The only other noticeable figure is Kim Chol-su who suddenly rose to the number 20 spot in North Korea's power hierarchy above O Kuk-yol, who is reportedly a close aide of Kim Chong-il within the military.

North Korea's power hierarchy has been revealed on three or four occasions since Kim Il-song's death, each time showing only a slight degree of change. The existing power structure frame established during the Kim Il-song era remains relatively unchanged.

Seoul, Beijing To Cooperate on Fighting Crime

SK1207002295 Seoul THE KOREA TIMES in English
12 Jul 95 p 3

[FBIS Transcribed Text] Korea and China yesterday agreed to cooperate more closely with each other to deal effectively with an increasing number of international crimes including those committed by nationals of the two countries.

The senior police officials of the two countries held a talk yesterday at the National Police Agency (NPA) headquarters in Seoul with their agenda focused on forming a strong partnership in investigations in collaboration with Interpol.

The Chinese delegation is headed by Zhu Entao, chief of foreign affairs in China's public security department whose jurisdiction covers law enforcement, borders and other affairs.

The two sides agreed to repatriate criminals who flee to the other country, in criminal handover accord, while cracking down on the inflow of Korean Chinese who are illegally flocking to Korea in hopes of realizing their economic dreams.

Many Korean Chinese, who are concentrated in a few Chinese provinces, travel to Korea on a tourism visa and stay beyond the term of their legal stay, working at restaurants or other workplaces without work permits.

In addition, the participants also reached a consensus on the need to chart out a package of measures to dampen a rising number of drug traffickers and terrorists that are feared will enter through loosened customs procedures as a result of the hectic and increased movement of goods and people between the two countries.

The two sides are probing the possibility of exchanging police officers on a regular basis to help them learn from the other's law enforcement authorities' experience, organization and other experiences.

The Chinese delegation also paid a courtesy visit on NPA Director Pak Il-yong yesterday and discussed matters of mutual concern. A 18-member Korean team visited China in May and received briefings on various activities of the Chinese law enforcement authorities.

An NPA spokesman said, "The Chinese policemen's visit is another brick in a solid wall of cooperation between the two nation's police against a possible upsurge in international crimes."

"Of particular importance is that China is an important source of illegal drugs into Korea so its police aid is pivotal to stem that evil flow and ensure that Korea will remain protected against illegal drugs," he said.

Parties Agree To Adjust Electoral Districts

SK1207063895 Seoul YONHAP in English
0630 GMT 12 Jul 95

[FBIS Transcribed Text] Seoul, July 12 (YONHAP) — The ruling and opposition parties agreed Wednesday to increase the number of electoral districts by 23 from the present 237 to 260, while decreasing that of proportional representation seats by the same number from the current 62 to 39. The total number of parliamentary seats will remain unchanged at 299.

The agreement was reached at a formal floor leaders' meeting held at the National Assembly Wednesday with Rep. Hyon Kyong-tae from the ruling Democratic Liberal Party, Rep. Sin Ki-ho from the major opposition Democratic Party, and Rep. Han Yong-su from the splinter United Liberal Democrats attending.

Under the accord, Changhung, Yong-am and Sinan in South Cholla Province, and Taebaek and Chongson in Kwangwon Province, whose population falls short of the minimum population requirement of 70,000, will be recognized as full-fledged electoral districts.

Eight "integrated urban-rural" cities, comprised of cities and adjacent rural areas, where the population does not reach the required maximum population of 300,000, will each be divided into two electoral districts in accordance with the accord.

Poun-Yongdong-Okchon district in North Chungchong Province will be divided into Okchon and Poun-Yongdong districts, while Chechon and Tanyang districts in the same province will be merged into one.

The agreement finalizing electoral districts for the forthcoming 15th general elections slated for next April has in fact ignored recommendations made by the National Assembly electoral district rezoning committee and has merely boosted the number of electoral districts in accordance with partisan interests, giving rise to criticisms of gerrymandering.

Kim Tae-chung Holds Meeting on Forming Party

SK1207024095 Seoul YONHAP in English
0206 GMT 12 Jul 95

[FBIS Transcribed Text] Seoul, July 12 (YONHAP) — Former opposition leader Kim Tae-chung, who is reportedly founding a new opposition party, is examining the possibility of having the party headed by a dual leadership system comprised of a president and a chairman.

Dual leadership is being studied to dilute the image that the new party is "Kim Tae-chung's private party," as is called by critics, and in view of the practical need to have a counterpart of the ruling Democratic Liberal

Party chairman in the party, one of Kim's proteges said Wednesday.

Kim may also wish to retain his chairmanship in the Peace Foundation for the Asia-Pacific Region, according to the source.

If available, the new party intends to invite a dignitary from outside the existing political bloc to become the new party's chairman. If not, Rep. Yi Chong-chan, Democratic Party advisor, will likely be named chairman. The projected party will probably have three vice presidents, the source said.

Kim held a meeting with his close associates at the Swiss Grand Hotel in northwestern Seoul Tuesday morning to put into motion his new party's preparation team. Among those who attended the gathering were DP vice presidents Kwon No-kap and Han Kwang-ok, DP spokesman Pak Chi-won and Reps. Han Hwa-kap, Choe Chae-sung and Namgung Chin.

Kim plans to announce the creation of a new party next Tuesday, initiate a party inauguration preparatory committee sometime in August and begin new party operations before the forthcoming regular parliamentary session convenes in September.

It was decided at Tuesday's meeting that the proposed new party plan could be scrapped if DP President Yi Ki-taek resigns his presidency.

Eight DP lawmakers opposed to the creation of a new party, including Reps. Yi Chol and Che Chong-ku are scheduled to hold a press conference at the National Assembly Wednesday for the purpose of urging party President Yi Ki-taek to resign and to voice their opposition to the creation of a new party.

Some DP lawmakers hailing from the metropolitan region, including vice president Yi Pu-yong and Rep. Hong Sa-tok, reportedly plan to launch a signature campaign requesting the resignation of Yi Ki-taek.

Yi, meanwhile, reiterated his intention not to resign from his party post Tuesday. Yi is expected to launch a campaign opposing the proposed new party after it is formally announced next Tuesday. Yi cancelled a meeting of his loyal DP lawmakers originally slated for Wednesday.

Yi Ki-taek Willing To Meet With Kim Tae-chung

SK120705195 Seoul YONHAP in English
0509 GMT 12 Jul 95

[FBIS Transcribed Text] Seoul, July 12 (YONHAP) — Rep. Yi Ki-taek, president of the main opposition Democratic Party (DP), said Wednesday that if Kim

Tae-chung, who is pushing to organize a new party, proposes a meeting, he will unconditionally accept.

Meeting with reporters at his home at Pukahyon-tong, Yi said, "however, I have no intention at all of proposing the meeting first." He added that so far, there has been no proposal from Kim yet.

Kim, a retired opposition leader has exercised his behind-the-scenes influence on the biggest faction in the DP, the Tonggyo-tong, and has demanded that Yi resign in return for cancelling his plan to organize a new party.

Yi's remarks suggest that he hopes to meet Kim in person to negotiate the former opposition leader's demands he resign.

However, Yi added that Kim's organization of the new party is designed to help Kim fully return to politics. Kim announced his resignation shortly after he was defeated in the 1992 presidential election.

"Kim's demand for my resignation is to justify his comeback to politics," he said, "it is not a way to settle the internal trouble."

Meanwhile, a close aid to Kim said, "Kim is holding on to the position that Yi should resign as party president first and without condition, before he will hold any meeting with Yi. And I know Kim doesn't have any intention to meet with Yi before his resignation."

DP Reformists Demand Yi Ki-taek's Resignation

SK1107123995 Seoul YONHAP in English
1203 GMT 11 Jul 95

[FBIS Transcribed Text] Seoul, July 11 (YONHAP) — As Mr. Kim Tae-chung, chairman of the Asia-Pacific Peace Foundation, was moving fast to create a new party, those Democratic Party (DP) solons opposed to the new party move, demand that DP head Yi Ki-taek resign as party head.

Reps. Kim Won-ung, Che Chung-ku and other DP reformists group members met Tuesday [11 July] and demanded that Yi Ki-taek resign as DP head shouldering responsibility for the failure to win in the Kyonggi gubernatorial election.

They also stressed that in return Mr. Kim Tae-chung should stop setting up a new party.

DP vice heads Yi Pu-yong and No Mu-hyon were also calling on Yi Ki-taek to leave from the top party post.

"About 40 DP chapter chairmen in non-Honam areas will have a press conference at the National Assembly on Wednesday to openly demand Yi Ki-taek's departure and also Kim Tae-chung's stoppage of the move to set up a new party," an official close to No Mu-hyon said.

Revision of Constitution 'Inevitable'

952C0110A Seoul WOLGAN CHUNGANG in Korean
Apr 95 pp 100-117

[Article reporter Ko To-won: "Train Named Constitutional Amendment Is Rolling Toward New System Permitting President To Serve Two Consecutive Four-Year Terms: A Look at the Nation's Political Situation—Kim Yong-sam and the Question of Constitutional Revision"]

[FBIS Translated Excerpt] A constitutional amendment during the term of President Kim Yong-sam [KYS] is inevitable; "politicking that makes an amendment inevitable" is under way:

- the climate for promoting a push for an amendment is being forged—"Create an emergency situation!";
- a pitched battle over the upcoming local elections is a prelude to an amendment;
- Kim Tae-chung [KTC] and Kim Chong-pil [KCP], who currently share the same bed but are dreaming different dreams, are also fellow passengers on the amendment train, upping the ante;
- the cause of the parliamentary system suffered setbacks simply because it was championed by KCP;
- the ruling camp's logic for an amendment to allow a president to serve two four-year terms is growing elaborate.

Only Emergency Situation Makes Amendment Possible

The curtain has risen on the first act of a push for a revision of the constitution. The political situation rolls with added momentum toward an amendment as the ruling and opposition camps intensify their games of brinkmanship, as seen in their pitched battle over the issue of excluding party nominations of candidates in primary-level local elections.

KCP's vituperations of the ruling party, made while the National Assembly speaker and vice speakers were being detained by the Democratic Party (DP), were suggestive. He said, "The Democratic Liberal Party [DLP], after trying in vain to torpedo the local elections and being forced to halt their attempt because of national opposition, is again showing its true colors by demanding the exclusion of party nominations of candidates in the local elections. This conduct can only be seen as a ruse for erasing the scheduled elections, or deception of the public to cover up its imminent defeat. Democratic politics is synonymous to party politics. The DLP attempt to deprive parties of their right to nominate candidates under a clumsy pretext is another act of arrogance perpetrated by the holder of absolute

power. To be free from control of such absolute power, we must change the power structure."

Thus KCP came up with a logic extending the battle to the local elections and linking it to a constitutional amendment. Meanwhile, KTC came forward, saying:

"If you try to get the local election law revised when the election date is at hand, you are bound to create political misunderstanding. No country in the world has a law banning party nominations of candidates; the DLP attempt even smacks of unconstitutionality. As for the issue of party nominations of candidates in primary-level local elections, the need for such nominations was already verified; President Kim Yong-sam himself called the local election law 'a thing that will go down in history' at promulgation ceremonies last year. There should at least be a chance to apply it to the first elections; it could be revised after that, if need be."

Thus KTC appeared in the picture. He personally showed up on the battlefield of the constitutional amendment debate and, to all indications, was seen at the helm, commanding the battle of his side.

In both our political culture and climate, revising the constitution is not a peacetime proposition. It is a proposition for a time of emergency. If there is no emergency, one has to be created in order for an amendment push to materialize. An amendment is a difficult proposition when the political situation is flowing quietly like a placid stream. Only in a political crisis comparable to a big flood, in which dikes rupture and whole downtown areas are under water, can "big politics" be contrived for political realignment and a restructuring of power, namely, a constitutional revision. Both the government and the opposition—and KYS, KTC, KCP—all need the restructuring of power to find a future course. They need a big political game. Thus they are eager to up the ante. The battle over the local elections was a prelude to it.

In that turmoil, while trying to stem the spread of the parliamentary system debate ignited by the new KCP-led party, the core of the ruling camp is developing its own logic to counter it, namely, an amendment enabling a president to serve two terms.

"Plotting Another Kind of Reform"

KCP, in a special interview with TAEJON ILBO on 14 January, said that "they are plotting another kind of reform. You will see it shortly."

His remark drew little attention at the time as it sounded ridiculous. It had no direct impact in political circles either. However, it was enough to spark an unusual interest among many observers in and out of the political

realm who scrutinize the moves of the core of the ruling camp. By "they," KCP, needless to say, was pointing his finger at "the RDP [former Reunification Democratic Party] faction" in the ruling DLP. In a narrow sense, it was evidently a reference to "Chongwadae" [presidential offices] and to "KYS" in a narrower sense.

What KCP referred to as "another reform" also was the focus of attention. It was interpreted as meaning a "plot to push for a constitutional amendment." The KCP camp would not dare to deny that interpretation.

Although KCP served as DLP chairman for more than two years following the start of the KYS government, needless to say, he did not belong to the KYS faction. One thing is certain, however: he was one of those in the ruling camp who could observe the moves of its core from the closest vantage point. He was the mastermind of the three-party merger and, as such, was involved with KYS in secret talks about its process. Again in 1992, in the DLP process of its presidential candidate nomination, KCP played a decisive role for the candidacy of KYS. After the start of the KYS government, he continued to see KYS in the weekly president-party chairman tete-a-tete. Thus, he was in the best position to know about covert moves within the ruling camp—secrets, half-secrets and the like. In addition, he is a veteran politician and a wily campaigner, almost top grade, if not top grade.

Thus, the TAEJON ILBO interview was soon fueling interest within the political sphere, the opposition in particular, about the alleged push for a constitutional amendment by the RDP faction, namely, Chongwadae. At the same time, a variety of allegations continued inside and outside political communities. They boiled down to this point:

"The KYS camp is pushing for an amendment that allows a president and his vice president to serve two consecutive four-year terms."

Some newspapers, giving them credibility from the onset, even carried reports on the KYS camp's alleged push for an amendment as the leading news in their front pages, without identifying the reporters. Figures close to KCP even leaked the word that "In a tete-a-tete, KYS once told KCP, 'If you cooperate on a two-term amendment, I will give you a chance, too.'" Naturally, rumors proliferated and observations cropped up. Eventually, this sort of observation began circulating among people close to political quarters, the opposition in particular:

"KYS will begin the push for an amendment for a two-term system when he has finished four years of his five-

year term. He will then renounce his fifth year in a bid for a second term."

It included analyses and predictions such as:

"If KYS, as the sitting president, should take advantage of his office and score big in North-South and other issues, it would not necessarily be a futile attempt."

R-play of the Three-Kims Amendment Game

Had KCP really foreseen such a plot by KYS? Did he respond by crying "Fire!" in his attempt to shut off a monstrous plan like that?

In the course of all this, KCP was booted out of the DLP. He then founded his party, the United Liberal Democrats, officially launching his campaign for an amendment for a parliamentary system. If Chong-wadae's "other reform" is a presidential system amendment, KCP effectively countered fire with fire, namely, an amendment for a parliamentary system.

However, the first response came not from the ruling camp but from DP President Yi Ki-taek [YKT], who said:

"Under the present circumstances, a parliamentary system does not suit our country. It is feasible only when backed by long democratic traditions and political stability. In the current situation, characterized by rapid changes, if a parliamentary system were adopted, it would only aggravate national confusion. Especially, a parliamentary system under which elections must be held as frequently as every year does not fit the country's existing conditions. My view, therefore, is that a presidential system is the reasonable, though not the optimal, choice for us."

YKT thus ostensibly opposed the parliamentary system proposal advanced by KCP, but in a sense he rather helped fuel the parliamentary system debate. However, the YKT remark was off the mark as far as DP godfather KTC's position was concerned. There was a trend that could perhaps be said to reflect either what KTC had on his mind or a little resistance against YKT. Part of it was revealed by Rep. Yu In-hak, of the DP. At a session to fine tune the party platform and policies on 25 February shortly before the DP National Convention, the lawmaker proposed deleting the "presidential system" plan. His proposal was viewed as suggesting that the DP, in consideration of the developing situation, leave the door open to future consideration of a shift to a parliamentary system. The Yu proposal of course ended as a mere happening. Nevertheless, it contributed in a small way to dealing a blow to the YKT position against a parliamentary system and igniting constitutional amendment debates

in the DP. At the same time, it unveiled conflicting interests over the amendment issue between KTC and YKT, who currently share the same bed while dreaming different dreams.

The three-Kims constitutional amendment game thus got off to a full start, with YKT also playing a part to add to the momentum.

In this connection, however, a strange current has surfaced. The road to a parliamentary system amendment has grown longer because of the fact that the cause is championed by the KCP-led new party. Proponents of the amendment may find it a frustrating development, while opponents may find it a fortunate break. The new KCP party is the first to officially champion the parliamentary system cause since the Chang Myon government. It can be said, therefore, that KCP brought the parliamentary system amendment issue into the open to ignite constitutional amendment debates. Then, why is the fact that KCP is leading the drive making it more difficult? It is because the issue is being sponsored by the wrong person. The current political dynamics in this country are such that as long as KCP keeps hold of the parliamentary system amendment issue, the movement for the proposed amendment has no future. A constitutional amendment requires the highest political justification and morality. [Passage omitted]

Coincidentally, the parliamentary system and KYS are inseparably bound by an evil destiny. The system brought numerous nightmares to KYS; whenever it emerged as an issue, he had to feel the smack of a challenge against him. A few examples follow.

KYS's worst nightmare was the controversy triggered by the revelation of a memorandum relating to the three-party merger. KYS realized the three-party merger through a secret accord relating to a parliamentary system. His position was "Nothing ventured, nothing gained," and he eventually gained what he was after (namely, the presidency). From the beginning, he had absolutely no interest in shifting to a parliamentary system, as was proved by subsequent developments.

KYS characterized the merger memorandum controversy, and even the leaks of it to the media, as a plot to eliminate or incapacitate him. He dealt with the plot through a ruthless, life-or-death struggle. In May 1992, KYS became the ruling party's presidential candidate, realizing his supreme ambition. In no time, however, he found himself troubled by the same nightmare, the parliamentary system. It was because of none other than KCP. On 4 October the same year, KCP, on a visit to London, again brought up the parliamentary system issue to put KYS in his clutches. KCP said, in effect, "The presidential system should be scrapped at the end

of the next five years. It is desirable to replace it with a parliamentary system." The comment reflected an intent to demoralize KYS even before he launched his election campaign—and, if he was elected, to reduce him to an "interim president" who would be caught by constitutional amendment and parliamentary system issues and drawn into the quagmire as the result.

Furthermore, Pak Tae-chun, then chairman of the DLP, took the side of KCP. On 6 October, two days after the KCP remark, Pak came forward officially demanding that a shift to a parliamentary system be made a campaign pledge of the DLP. [Passage omitted]

"Parliamentary Is Anachronism"

Attacks and challenges against KYS were not confined to the ruling camp. At a time when controversies within the DLP over turning the parliamentary system into a public issue were barely under control, and when the political situation was increasingly preoccupied with the imminent 27 December presidential election, Chong Chu-yong and KTC, the two opposition candidates, brought up the same question of a shift to a parliamentary system.

On 20 November, Chong Chu-yong declared that if he were elected, he would work for a constitutional amendment for a parliamentary system. [passage omitted]

KYS's immediate reaction was rather agitated. He said, "To discuss shifting to a parliamentary system at this time, with the presidential election less than a month away, is an anachronism. If I am elected, I will serve out the five-year term in the cleanest possible manner, then retire to be recognized by historians as a president who saved the country from crisis. That is my wish."

Then came KTC cooperating with Chong Chu-yong. At a debate sponsored by the Kwanhun Club on 2 December, he revealed his readiness to accept a constitutional amendment for a parliamentary system, saying:

"I am prepared to ask voters to choose between a parliamentary and a presidential system in the 1996 elections for the 15th National Assembly, and if the absolute majority support a shift to a parliamentary system, then I will, in accordance with the people's will, renounce the remainder of my term and accept a parliamentary system." [passage omitted]

In the history of constitutional government in this country, constitutional amendment issues always had an aspect of a political power game between the ruling and opposition camps or between a president and his successor, despite the various pretexts involved. Cases in point include the 1986 push for a parliamentary system by

Chon Tu-hwan and the 1989 three-party merger by No Tae-u based on a parliamentary system accord. Neither the normalization of constitutional system nor national administration were the focus of amendment debates; rather, lurking invariably behind such debates were calculations aimed at prolonging power for a president or at a device giving minimum guarantees to a retiring president. In KYS's case, however, the amendment debate, in particular that for a parliamentary system, always came in the form of fettering his political life. Even the "Yi Min-u plan" connected with Chon Tu-hwan's push for a parliamentary system in the Fifth Republic is a nightmare to KYS, one he does not even want to recall.

How did KYS respond to those amendment proponents, in particular parliamentary system supporters? It would not be too much to say that he responded with nothing but hatred, and occasionally with deadly retaliations. Simple dislike or disgust is not the word for it. This would be self-evident if one looks at what happened to parliamentary system champions—including Pak Tae-chun, Chong Chu-yong, and even Yi Min-u—and how KYS has been treating them.

Could KCP take the initiative of an amendment for a parliamentary system after forming a new party to hurt the DLP? Would KYS tolerate it, even tacitly? No way.

No matter how good a parliamentary system might be, and how enthusiastically the people might come forward to support it, KYS is bound to keep his hands off as long as it is led by KCP. [passage omitted]

Representative An Tong-son's Defense of Parliament System

At a National Assembly interpellation session on 21 February, Representative An Tong-son, DP, abruptly asked the prime minister his view of a parliamentary system. Rep. An had served as spokesman of the Party for Peace and Democracy and is known for his close relationship with the Tonggyodong faction [under KTC's influence]. Responded Yi Hoe-chang, then prime minister, "I personally find it incomprehensible why a constitutional amendment for a parliamentary system should become a topic at this time, when the government elected by the popular vote has not yet marked its first-year anniversary."

Meanwhile, explaining why he brought the question up, Rep. An said, "Many people had frequently discussed in private an amendment for a parliamentary system and they all wanted to find out the government's official position on it. What I had on my mind was the fact that the DLP was born on the premise of shifting to a parliamentary system. Also, I was prompted by observations that, if in the future a constitutional

amendment should become an issue in connection with change in North-South relations, it would focus on a parliamentary system."

Viewed in this light, developments indicate that the KTC camp is one of the political forces giving the most thought to a constitutional amendment, be it for a parliamentary or a presidential system. It is virtually common knowledge now within the KTC camp that, regardless of whether or not KTC himself returns to politics, there is no hope of his camp seizing power in any form unless regionalism's grip over the current political landscape is broken. The best way to change the political landscape is to revise the constitution in favor of a parliamentary system. From that point of view, the KCP push for a parliamentary system could, at a glance, appear to deserve KTC's embrace. Regardless of all arguments, KTC's and KCP's regional interests are unambiguously separate from each other. There are no fears of conflicts between them from any overlapping interests. This is not because KCP has secured a massive political force, but because he knows how to harass KYS. KCP is quite a man of influence even in the eyes of the KTC camp. While they do not mix too well, if the two camps could effectively structure an anti-KYS front, it could lead to calculations indicating that they may have a chance of bringing down KYS. Nevertheless, the possibility is thin of KTC and KCP joining hands with each other. That is because of KTC's unique fastidiousness.

A look at the three-party merger could shed light on it.

In the days of the Sixth Republic, KTC carried out policy cooperation with the No Tae-u government, including postponement of a No-promised interim assessment of his administration in what he called a culmination of the art of politics. Still, he stopped short of attempting a party merger like the three-party merger. From the viewpoint of the expansion of political forces, this represents the limits of KTC's politics. Both KYS and KTC pursue morality in politics. The difference between them is that in KYS's case, he pursues moralism, yet he refuses to be bound by anything. Until the day before the three-party merger, KYS had been saying that "the Democratic Justice Party and the RDP are from different roots. A merger is unimaginable." Then, reneging on his word, he carried out the merger. While asserting that he stands for moralism, KYS is only interested in the maximum propaganda value to be gained from it, and is not so fastidious as to be bound by it. KTC, on the other hand, binds himself to his moralism.

KYS Amendment Train Rolling at Awesome Speed

The same also applies to the supporters of each camp. KYS has been subjected to no major criticisms from

constituents since he carried out the three-party merger. Rather, they accepted it as a feat that fully demonstrated his ability as a master politician.

KTC's case, however, is different. Suppose there were a hypothetical case in which KTC carried out a merger with No Tae-u and KCP, leaving out KYS. Most likely, it could have been difficult for KTC to overcome the enormous outpouring of vehement criticism from his supporters, no matter how many plausible excuses he might put up. It is only reasonable to think that the same political sentiment, the sentiment that the three-party that was possible to KYS would have been impossible to KTC, is applicable to the KTC-KCP relationship today.

If a large majority of people support the KCP-proposed parliamentary system, an amendment is possible, no matter how much KYS and KTC dislike KCP. After all, sovereignty rests with the people. It is unlikely, however, that support for KCP would catch on like wildfire. As the same person who destroyed the parliamentary system in this country is now calling for its reinstatement, a large majority of the people view the development with fears that the constitutional amendment issue is again being used by politicians as a ploy to advance their strategic interests. Moreover, they see it as an act of further tarnishing our history of constitutional government which already finds itself in a state of rags and tatters.

The following symbolic instances proves it:

The political sentiment of Taegu-North Kyongsang (TK) is undeniably partly shared by Pak Chol-on. It was precisely the TK forces that KCP first held out his hands to when forming his party. It is also a fact that he, through Pak Chun-kyu, explored ways for solidarity with Pak Chol-won. In fact, for Pak, the appearance of the KCP-led new party could provide an ideal opportunity for an anti-KYS front. At the same time, it could be a powerful reinforcement for him. However, he brushed it off from the beginning. The reason was simple and clear: he saw no justification in such solidarity in view of the times. He used the expression "justification in view of the times," implying that "I cannot afford to let you stain my reputation."

Thus, the KCP push for a parliamentary system may indeed have reduced the chances of an amendment for it, but in the present situation it is a totally different matter from the amendment drive launched by the KYS camp. Rather, the KYS amendment train is gathering speed, and it should be said that its speed is increasingly awesome. The KYS leadership is headed for an amendment during its term. The trend takes the form of two currents running into each other.

One is the current that views the amendment debate itself as a exhausting argument that pours cold water on the reform program. Another factor at work in this regard is the fear that the greater the debate's momentum becomes, the graver KYS's lame duck plight becomes. Nonetheless, the other current is to step up internal preparations for an amendment while publicizing the need for it. It is in part intended to be KYS's response to the parliamentary system amendment being pushed by KCP and others. Ostensibly, therefore, the strategy pursued by the present ruling camp is divided into two directions, one totally different from the other.

One direction is for someone in the ruling camp to put out a feeler about an amendment at every possible opportunity, while the other is for KYS or his Chongwadae proxy to show up in person and deny it outright each time the trial balloon appears.

Continual "Do and Undo" Drama

Here are some cases illustrating the ruling camp's "do and undo" strategy:

— On 9 April 1993, Prof. Kim Kwang-ung of Seoul National University [SNU] said in a keynote address to a DLP lawmakers seminar:

"Currently the single five-year presidential term does not match the terms of other elective offices, which causes political crippling. Elections must not be a cause of political distortion, and therefore it is necessary to revise the constitution so that a president can serve two four-year terms if reelected."

— On 10 April 1993, Yi Kyong-chae, then Chongwadae spokesman, announced: "President Kim Yong-sam is not considering a constitutional revision in his term; he will retire when his term expires in five years, in accordance with the present constitution. There is absolutely no room for any doubt about his commitment to the present one-term system."

— On the same day, Chu Ton-sik, then senior presidential secretary for political affairs, elaborated:

"Could President Kim—who painfully felt and witnessed the woes of a prolonged presidency—be thinking of an amendment for one now? To discuss a constitutional revision now is to pour cold water on the reform program. There is not even a 0.1 percent possibility of an amendment."

— On the same day Kang Chae-sop, then DLP spokesman, said:

"There is no such thing as anyone in the ruling camp sharing the view of Prof. Kim Kwang-ung or putting out a feeler with any specific intent."

— On 10 May 1994, the 21st Century Committee, an advisory body for the president, stated in its "General Report on Long-Term State Policies":

"Observers have pointed out that for qualitative improvement of an institutional government and the advancement of the power structure, we must amend the present constitution and power structure basically sooner or later. There is also the possibility that the constitutional amendment issue will reemerge as a major political agenda around the 1995 general elections, linked to the issues of the power structure and political realignment. Even with the present presidential system, there have been questions over the appropriateness of retaining a single five-year term system as Korean politics moves into the 21st century. While a power structure reorganization issue can arise as a result of changes in the government-opposition relationship or in the coalition structure of the ruling forces, it can also be ignited by external changes involving North-South relations or reunification. In view of these possibilities, we must now begin preparing for readjustments in the present political system and power structure as well as studies on how and to what extent the readjustments should be."

— On 22 July 1994, Kim Chin-chae, then chairman of the DLP advisory committee on national policies, said in an article he wrote in NATIONAL POLICY STUDY (DLP-published quarterly):

"Some politicians propose a constitutional amendment for a two-term presidential system on the grounds that the present single-term system is too short for a stable administration. Although the impact such debate would have on the political situation is unknown, it is a fact that it addresses an important aspect of a problem we have."

—On 5 October 1994, KYS said in a special interview with KYONGHYANG SINMUN marking the newspaper's 48th anniversary:

"I am not considering a constitutional amendment in my term. It is undesirable to waste national resources on nonessential things."

"Making Election Cycles the Same"

— On 16 January 1995, Prof. Kim Kwang-ung of SNU said in a lecture to the monthly Sinmun Street Forum breakfast meeting:

"Most awkward in Korean politics today is the question of structural misfits. There should be full-scale debate

on the form of government, which has been a virtual taboo. This is because discussions of systems, personalities, mode, or the like are limited, and questions on the basic structure, namely, the framework, are untouched. Another reason for the needed review is that because of the present presidential-term system, there will be 26 elections held in the 18 years from 1991 through 2008. Even if all the local elections are held simultaneously, there will be little difference in the general situation. There are only four years in which no elections are held—1993, 1994, 2005, and 2006. Meanwhile, elections will be held in three consecutive years twice during this period—1995-96-97 and 2002-03-04. We must wait until 2012 to see a presidential election and a general election held in the same year. This means not only that successive elections are troublesome but also that the president has to lead the administration with lawmakers for whom he cannot exercise the power of candidate nomination as party president. In that situation, it is feared that complications in relationships between factions could arise, creating an endless state of political instability due to factionalism. It is felt that if possible, the president's term of office should be match that of parliamentarians, and general elections should be held on that basis. If the National Assembly selects the leader of the government, the number of national elections would be reduced that much."

— On 25 February 1995, KYS said at a press conference marking the second anniversary of his inauguration:

"I have done my best, putting every ounce of energy into my work in the past two years. For the next three years, too, I will exert the utmost of what a man can do. I am fully aware of what some people are saying about me. In that sense, I find the five-year term a long one indeed. To do your utmost, you have to put forth all your energy. Five years may be a short time to while it away having a good time. In my view, the constitutional provision for a single five-year term is a very good one. Considering the North-South confrontation and other circumstances surrounding our country, I think it is a good constitution."

— On 27 February 1995, Rep. Yu Song-hwan, DLP, put the following question to the government in an interpellation session:

"In order for the globalization policy to succeed and make Korea a reunified, globally oriented state in the 21st century, it is necessary to revise the constitution accordingly. Such a revision will be so important to the nation's future that it is imperative that no unnecessary friction or confrontations occur between the ruling and opposition parties, and that all the issues are

fully debated and deliberated. To that end, preparations should start now on a bipartisan basis."

"Political Professors" and Ruling Camp's Core in Rapport

"The key point of such constitutional revision is to have the imbalanced presidential term amended to ensure state affairs are conducted smoothly. But in this case, it should be a precondition that the amendment does not apply to the sitting president's term of office. It is as clear as day that in the coming years Korea will be dissipating enormous national resources to hold the scheduled elections, beginning with the local elections this year. In addition, there is the problem of the election-cycles. Particularly in the case of the ruling party, the president has to lead the administration with lawmakers over whom he cannot exercise the power of candidate nominations, a fact that could cause him considerable difficulty when conducting state affairs. Mr. Prime Minister, Don't you have any plan to have the constitution re-revised so as to better facilitate the building of a unified, globally oriented nation under the policy of globalization?"

— On 6 March 1995, Hyon Sung-il, president of Kungmin University, spoke at a DLP policy debate under the title "The KYS Government's Achievements in the Past Two Years and Its Future Tasks," saying:

"If the KYS civilian government should, based on its experience thus far, decide that the present presidential system centering on the single five-year term is detrimental to national development, it can try to propose an amendment for a system closer to the original one with two four-year terms and a vice president. However, the public will recognize the integrity of that proposal only when they trust that it is a genuine plan for the long-term future of the nation, not a ploy to extend the life of a particular regime. The constitution thus revised should clearly state that it applies first to the new president taking office after the present president has served out his term."

— On the same day, Kim Tok-yong, DLP secretary general, commented:

"Mr Hyon Sung-il has only stated his personal view."

The do-and-undo serial drama staged by the ruling camp has a few distinct characteristics. One of them is that sponsors of the forums and speakers involved were all those who could be in rapport with the core of the ruling camp. For instance, the Sinmun Street Forum is known to play the role of think-tank for the ruling camp, particularly the RDP faction. Illustrating such relationship, Yu Kwang-on, former board chairman

of the forum, was appointed aide (carrying the rank of vice minister) to the first minister of state in a cabinet reshuffle last December. In the case of Kungmin University President Hyon Sung-il, he is, as one of those belonging to the 6-3 generation, very close to DLP Secretary General Kim Tok-yong and other leading figures in the ruling camp. They dine together, drink together and, while in this relaxed setting, can freely discuss intimate topics and thus read what the other side is "thinking deep down." The public knows which way the wind is blowing from the tree branches they shake.

Another characteristic is that the logic of the need to revise the constitution is increasing its finesse. Especially, their assertions dealing with the problems of election cycles are significantly persuasive. Furthermore, it is an interesting phenomenon that these amendment debates around the ruling camp dovetail with views voiced sporadically by people outside political circles.

Outside political circles, the old amendment debate has continued, with the focus on the points that the present constitution was deformed since birth, that it essentially provides for neither a genuine presidential system nor a pure parliamentary system, that it only provides for a mixture of the two systems, and that it needs to be revised sooner or later to resolve these problems.

Article 89 of the present constitution states that a prime minister is appointed by the president with the consent of the National Assembly. According to Article 87, cabinet members are appointed by the president upon recommendation of the prime minister, and the prime minister can recommend to the president the dismissal of a cabinet member. Article 82 stipulates that the president's acts under national law are carried out in writing, and that the documents are endorsed by the prime minister and the minister in charge. Meanwhile, Article 63 provides that the National Assembly can recommend the dismissal of the prime minister and/or a cabinet member or members by the president with a majority vote.

The intent of these provisions is clear. Although the president is the chief executive, his authority shall be limited as much as possible. Needless to say, the background of the provisions has something to do with the political situation that existed when this constitution was enacted, namely, toward the end of Chon Tu-hwan's Fifth Republic. Details aside, the final result was that we came to have a constitution representing a compromise between the U.S. presidential system and Britain's parliamentary system.

Assuming that elements of a parliamentary system contained in the constitution were brought into full play as originally intended, the president would find

himself in a straitjacket. Especially, if the ruling party should again become a minority party in the National Assembly, as in the days of the Sixth Republic, it would be virtually impossible for the president to have his way in appointing a prime minister or in carrying out any other presidential acts under national law. That is because the president would be compelled by the constitution to appoint a prime minister supported by a majority party or a majority coalition in the National Assembly — and to form his administration with cabinet members whose appointments have been recommended by that prime minister. Suppose a situation in which the prime minister and another member or members of the cabinet decline, by chance, to "endorse" a policy decision of the president. What a mess it could be for the president to face! He might just find himself to be only a figurehead.

Present Constitution Is Neither Fish Nor Fowl

More than anything else, our constitution lacks a device for the president to counter such a situation, due largely to the fact our constitution lacks provisions for the president to dissolve the National Assembly, which is a basic component of any parliamentary system constitution. Consequently, when the ruling party is a minority party in the National Assembly, and when the administration and the legislature come into acute confrontation in that environment, the president will find himself without power to do anything about it. Under such circumstances, one can assume that the stalemate would continue unabated until the president's term ended.

In short, suppose hypothetically that the DLP is defeated in the general elections for the 15th National Assembly next April and, as the result, the opposition becomes the majority party in the parliament. Even if a DLP candidate were elected in the 1997 presidential election, political management by the president would be impossible. Conversely, suppose the DLP won a majority in parliament but an opposition candidate was elected president, the situation faced by the president would be the same. Unless the party that produced the president is also the majority party in the parliament, and as long as the "observance of the constitution" were upheld faithfully, it would be impossible for the president to conduct state affairs under the present constitution. Those are the facts about our constitution in effect now.

Considering these points, the issue raised by journalist Pak Kwon-sang (in the 27 October 1992 TONG-A SIRON) is forcible in some respects. He wrote:

"Our constitution is a neither fish nor fowl. In case a 'minority faction president' who is supported by one-third of the assemblymen and opposed by the remaining

two-thirds takes over, how in the world could he move the National Assembly and lead the people? A coalition could indeed be an option, but it is in principle feasible under a parliamentary system. The time has come for us to put the constitutional contradictions—and the ways to overcome them—to national debate. In a nutshell, the people should choose either a pure presidential system and supplements to it or a pure parliamentary system; there should be earnest debates on this matter."

How did we end up with the hodgepodge constitution with its single five-year presidential term? Needless to say, it came into being as a political compromise of "one No and two Kims" [No Tae-u, KYS and KTC] during the political upheaval toward the end of the Fifth Republic. With the 1987 presidential election at hand, the three, while ostensibly boasting of their victory, could help not but be prepared for their losses, too. They had to ensure that they could work in a reasonably comfortable environment if elected and that they would still have a chance of comeback if defeated. Thus came into being the deformed constitution representing "an accord between the ruling and opposition parties, the first of its kind in the history of constitutional government."

SNU's Prof. An Chong-si is one of those who took part in compiling the aforementioned 21st Century Committee report. He disagrees with the view of Pak Kwon-sang that we should choose between the two—either a presidential or a parliamentary system. In preparation for Korea's reunification, among other things, he argues that our constitution should be amended in favor of a pure presidential system.

Amendment To "Prepare for Reunification"

Prof. An says, "The question of revising the constitution is directly linked to the reunification issue. Korea will be reunified someday; it is necessary that, when that time arrives, we have a constitutional system that can accommodate the North Korean people and their social system. A parliamentary system is vulnerable to transitional difficulties. In view of the factors involved, such as crisis management by the person in power, his decisiveness, and our political culture and political climate, I find it difficult for us to adopt a parliamentary system. It is necessary that we discuss an amendment in the direction of redressing defects in the present constitution. One way to 'redress defects' is to decentralize power, and to that end we can consider creating the office of vice president and a bicameral system. The vice presidential system could also help resolve the problem of regionalism in South Korea. In respect to our relations with North Korea, a bicameral system is indispensable. On the basis of population alone, the situation

favours South Korea. By adopting a system representing the population on the one hand and the regions on the other, we can prepare for the integration with North Korea."

'A new system under which a president and vice president serve a four-year term, twice if reelected, plus a bicameral system reflecting population and regional factors'—this is the gist of a new constitution proposed by Prof. An. Although there is no way of knowing how much it reflects the interests of the ruling camp, it is noteworthy that it is, coincidentally enough, interrelated to the direction of an amendment that the ruling camp hinted at while pursuing its "do and undo" strategy.

Also noteworthy is the fact that there is a perception in the ruling camp of a constitutional amendment as the "consummation of the KYS reform program."

KYS, who had been accused of conducting "retaliatory politics" in the initial phase of the reform program, has carried out remarkable reforms of systems in the past two years. Among them were the enforcement of real-name financial transaction system, a symbol of economic reform, and the integrated election law aimed at realizing inexpensive elections. However, the consummation of system reforms means normalization of the constitution. This is because, as long as the present constitution—a hodgepodge of contradictions—is left intact, one cannot say that system reforms have been completed. Therefore, some in the ruling camp insist that if KYS is to complete his reform program in the true sense of the word, he should carry out a bold, unimpaired form of constitutional revision during his term. The question is whether a push for an amendment by KYS can guarantee purity as one dedicated to the "consummation of the reform program." Professors who referred to the amendment issue at DLP policy forums or elsewhere also made comments reflecting concerns of the general public over the purity of such push, as seen in the aforementioned remarks by Kungmin University President Hyon Sung-il that "the public will recognize the integrity of that proposal when they trust that it is a genuine plan for the long-term future of the nation. A constitution thus revised should clearly state that it applies first to the new president taking office after the present president has served out his term."

However, the opposition refuses to recognize the purity of the "consummation of the reform program" in regard to the ruling camp's push for an amendment. As the KCP remark that "they are plotting for another kind of reform" suggests, they view it as a ploy surpassing the "plot to put off the local elections" in gravity.

"Big Amendment Battle Has Started"

Rep. Cho Se-hyong, DP, is one of them. He said:

"With the approach of the local elections, the ruling camp was worried about their possible defeat. So, to keep victory or defeat from becoming obvious, they employed such irrational tactics as eliminating party nominations of candidates for part of the elections, as you saw! Could anybody imagine that the civilian government would ever engage in such fraud? Currently, in the conduct of state affairs, KYS is not acting as a person who is likely to serve his five-year term peacefully, then retire. He is leading political currents in the direction of making a constitutional amendment inevitable, regardless whether he likes it or not. KYS is a terrible person. He not only can do anything if necessary but also is intending to do something terrible. What he did with the local election law is only the tip of an iceberg. He will likely proceed with pushing the situation toward a bigger battle by stirring the political situation with issues such as North-South relations. His judgement is that if he allowed opponents the edge in the local election law revision battle, it would put him in a difficult position in the 1996 general elections, and in the 1997 presidential election too. The battle over the local election law was the beginning of a political battle leading up to a revision of the constitution. An irreversibly big battle is under way already."

This observation by Rep. Cho is extremely one-sided, however. It overlooks another factor in the situation. It disregards another person also doing his part to push the situation toward a bigger battle—KTC.

The government-opposition battle over the issue of excluding party nominations of candidates from the elections for the lowest units of local autonomy turned politics into a bloody battle. Even things unprecedented in the history of constitutional government, such as the "detention of the National Assembly speaker" and "abduction of lawmakers" [by opposition members] took place. It is none other than KTC who launched a frontal attack as a possibility of bargaining emerged at the end of a desperate, brinkmanship.

In fact, KTC's remarks that "banning party nominations of candidates is a violation of the constitution" signify his "return to politics." As said in the beginning part of this article, it is difficult for KTC to intervene in political issues under routine circumstances. He cannot show up in a political scene unless the gravity of the situation continues to increase and reaches a point where he feels that "if I sit back at this point, everything will be lost." If he shows up, the battlefield further expands, and the situation moves further toward an all-out confrontation between the ruling and opposition camps.

If the battlefield expands and the fighting intensifies, the political issue smoldering up to that point, namely, the constitutional amendment issue, would inevitably come into view.

KYS Strategy To Retain Power Subject to Drastic Change

It would be futile to try to conclusively predict a constitutional amendment at this point. It is also impossible to foresee the possibility of a KYS-KTC, or KTC-KCP, or KYS-KCP, or KYS-YKT, or KTC-KCP-YKT alliance. The political situation will evidently grow increasingly perilous. When numerous unpredictable and foreseen variables coexist, trying to predict the future would very much like writing "fiction."

One thing is clear, however, and it is that the train of constitutional amendment has started and is rolling at an awesome speed. As for KYS, if he should find it possible to avert a lame-duck situation for himself under the present single five-year term system, there would be no need for him to go the length of resorting to a constitutional revision. Moreover, KYS, at least ostensibly, has so far repeatedly emphasized his principle that "a constitutional amendment in my term is impossible." For now, he still appears to retain his unique self-confidence. However, the situation can change abruptly depending on the outcome of the local and general elections. If the situation should change drastically, KYS's strategy for retaining power would inevitably change drastically, too. He is a strategist capable of making drastic changes. Especially, as a KYS power crisis escalates, he is increasingly keen about making "full preparations for a constitutional revision."

Thus, the political situation surrounding a constitutional amendment is linked to the crisis aspect of KYS. For KTC, the KYS crisis aspect creates an environment leading to the maximization of his political influence and to his return to politics. The faster the amendment train runs, the better for KTC. As for KCP, his highest goal is to maximize his political influence through casting a deciding vote. A situation that would give him the best chances would come under a parliamentary system. KCP will keep his fire burning for an amendment for a parliamentary system.

Thus, the three Kims find themselves fellow passengers on the same amendment train, although their goals and calculations are different. Henceforth, amendment strategies that have been pursued by each political camp thus far will unveil their identities one after another. Through the local elections this June and the 15th National Assembly general elections next April, we will be able to grasp their outlines. However, no matter

how fast the amendment train might run, needless to say there is always the possibility that it could come to a screeching halt depending on developments in the situation involving mutual solidarity, conflict of interest, political bargaining, or secret political accords between the three Kims, its fellow passengers. Even with a constitutional revision, the nation's top issue, the sovereignty rests not with the people but in the hands of the three Kims, particularly KYS, the sitting president. Such is the present status of Korean politics.

LG Electronics Offers Technology to Indian Firm

SK0807055295 Seoul THE KOREA TIMES in English
8 Jul 95 p 8

[FBIS Transcribed Text] LG Electronics has concluded an agreement with Onida of India for the transfer of

technologies for the production of washing machines using chaos theory worth 4 million dollars over a five-year period.

LG officials said the company has received 1 million dollars as initial royalties and will be paid 5.6 dollars per unit on a running royalty basis.

One of the strong advantages of the contract is that it also calls for the shipment of some 10 million dollars worth of parts and components per year to the Indian company.

Onida, the largest electronics maker in India, reportedly consulted with other leading electronics makers, including Hitachi and Matsushita of Japan, before deciding to go with LG Electronics.

Burma

Aung San Suu Kyi Issues Statement on Release

BK1107121695 Hong Kong AFP in English
1157 GMT 11 Jul 95

[FBIS Transcribed Text] Rangoon, July 11 (AFP) — Burmese opposition leader Aung San Suu Kyi, who was freed from house arrest on Monday, read the following statement at a news conference Tuesday attended by visiting and local journalists and resident diplomats.

The statement, in English, was transcribed from a tape.

"The official information of the end of my house arrest was conveyed to me verbally by Colonel Kyaw Win (deputy chief of military intelligence) in the form of a message from Senior General Than Shwe which was kind and cordial.

"There were three points to the message apart from the ending of the house arrest:

"First, the authorities would be happy to help me in matters of personal welfare.

"Second, if I wished, the authorities would continue to take care of security arrangements in the house, and thirdly, he would like me to help towards achieving peace and stability in the country.

"First of all, I would like to say that I appreciate deeply both the tone and content of the message. I've always believed that the future stability and happiness of our nation depends entirely on the readiness of all parties to work for reconciliation.

"During the years that I spent under house arrest, many parts of the world have undergone almost unbelievable change, and all the changes for the better were brought about through dialogue.

"So dialogue has been undoubtedly the key to a happy resolution of long festering problems.

"Once bitter enemies in South Africa are now working together for the betterment of their people. Why can't we look forward to a similar process?

"We have to choose between dialogue or utter devastation. I would like to believe that the human instinct for survival alone, if nothing else, would eventually lead us to prefer dialogue.

"You will ask, what are we going to talk about once we reach the negotiation table?

"The establishment of certain principles, recognition of critical objects to be achieved and joint approaches to the ills besetting the country would be the main items on the agenda.

"Extreme viewpoints are not confined to any particular group and it is the responsibility of the leaders to control such elements that threaten the spirit of reconciliation.

"There is more in common between the authorities and we of the democratic forces in Burma than existed between the black and white peoples of South Africa.

"The majority of the people of Burma believe in the market economy and in democracy which we amply proved by the results of the general elections of 1990.

"Those of you who read the Burmese newspapers will know that it is the aim of the State Law and Order Restoration Council to return power to the people. This is exactly our aim also

"I would like to take the opportunity to urge the authorities to release those of us who still remain in prison.

"I'm happy to be able to say that in spite of all that they have undergone, the forces of democracy remain strong and dedicated.

"I, on my part, bear no resentment towards anybody for anything that happened to me during the past six years.

"This statement can only end in one way — with an expression of sincere thanks to the people all over the world, especially to my countrymen for all they have done to strengthen my resolve and to expect my release."

Aung San Suu Kyi Stays in 'Seclusion'

BK1207072595 Hong Kong AFP in English
0715 GMT 12 Jul 95

[FBIS Transcribed Text] Rangoon, July 12 (AFP) — Burmese opposition leader Aung San Suu Kyi remained in seclusion at her family home on the shores of Rangoon's Inya Lake Wednesday, receiving only select visitors from among the throng at her gate.

Reliable sources said Aung San Suu Kyi would receive a routine medical check-up later in the day, although there was no indication that she was ill. She told a news conference Tuesday that her condition was good.

Aung San Suu Kyi, who won the 1991 Nobel Peace Prize for her non-violent opposition to the military government here, also received a large contingency of foreign embassy personnel on Tuesday and personally confirmed her release.

The only apparent condition by the Burma's military government for Aung San Suu Kyi's release on Monday from nearly six years of house arrest was that she must continue to "obey the laws of the land."

The move was as much a surprise to her as to the rest of the world, and sources here said she would continue to meet with advisors in an effort to catch up with events and that she had no immediate political agenda.

Among those waiting outside the gate to see the world-famous dissident was a monk and former organizer of the main opposition group that Aung San Suu Kyi helped found and lead, the National League for Democracy (NLD).

"She is my leader," the monk, Nouue Khing told reporters, "we are old friends, I hope very much to see her."

Nouue Khing is rector major of Insein monastery on the northern fringe of Rangoon.

Foreign embassy staff continued to arrive at the opposition leader's residence, but workers manning the gate said she did not intend to meet with outsiders until later.

Burma's military government placed Aung San Suu Kyi under house arrest in July 1989 because of her firebrand pro-democracy speeches. She had been touring the nation ahead of national elections in April 1990 that were swept by the NLD.

The military junta subsequently chose to ignore the vote and retained power.

Junta Lifts Ban on Visa for Suu Kyi's Husband

*OW1207062195 Tokyo KYODO in English
0553 GMT 12 Jul 95*

[FBIS Transcribed Text] Yangon [Rangoon], July 12 KYODO — Myanmar's [Burma's] ruling military junta has lifted a ban on the issuing of a visa to Michael Aris, the British husband of Myanmar's pro-democracy leader Aung San Suu Kyi, official sources said Wednesday.

Aris last visited Yangon in December 1994 with his and Suu Kyi's son Kim, for the 10th family reunion since she was put under house arrest in July 1989.

Suu Kyi was released from house arrest Monday without any precondition after six years of detention.

Asked at a press conference Tuesday when a family reunion can take place, Suu Kyi replied, "I have no idea."

NCGUB Minister Praises Suu Kyi's Statements

*BK1107160095 London BBC in Burmese
to Burma 1345 GMT 11 Jul 95*

[Telephonic interview with U Maung Maung Aye, information minister of the National Coalition Government

of the Union of Burma, NCGUB, by an unidentified correspondent on 11 July; place not given — recorded]

[FBIS Translated Text] [Correspondent] U Maung Maung Aye, Daw Aung San Suu Kyi met with journalists, not only journalists, but also foreign diplomats and held a news conference. How do you view this meeting? What is your opinion?

[Maung Maung Aye] The facts presented by Daw Aung San Suu Kyi at the news conference are very important to the country. The SLORC [State Law and Order Restoration Council] needs to genuinely address the national reconciliation matter if they want to solve the country's political problems and ongoing democracy activities and they should also respect the desires of the people. They need to hold meetings. If they do not do all these, the country will be faced with utter devastation; we agree with that. Since Daw Aung San Suu Kyi is a very far-sighted leader, we confidently believe that she will take a leading role and will be able to solve the political problems of Burma.

[Correspondent] The Burmese Government has unconditionally released Daw Aung San Suu Kyi. Do you see any possibility that she will be able to pursue politics freely?

[Maung Maung Aye] We are very happy to hear that she has been unconditionally released, but we have our fears. There are still many laws restricting human rights in Burma. It is very difficult for Daw Aung San Suu Kyi to pursue politics freely under these laws. If they really want her to be engaged in politics freely, the SLORC should revoke all these laws and orders.

Dissidents Question Motive for Suu Kyi Release

*BK1207051295 Bangkok BANGKOK POST
in English 12 Jul 95 p 7*

[Report by by Ralph Bachoe]

[FBIS Transcribed Text] Burmese democracy groups in Bangkok yesterday welcomed the release of Daw Aung San Suu Kyi, but questioned the sincerity of the ruling State Law and Order Restoration Council [SLORC] for the unexpected freedom given the 1991 Nobel Laureate.

They see SLORC's move as an attempt to soften the mounting pressure being applied by the international community, especially Western nations led by the United States against the authoritarian government to free "The Lady".

SLORC has ruled the country at gunpoint since brutally crushing the popular 1988 democracy uprising.

The groups interviewed yesterday were unanimous in their belief that SLORC had no choice but to free Suu

Kyi be cause of circumstances surrounding her unlawful incarceration.

"We strongly believe that SLORC was not genuinely sincere when it decided to release Daw Aung San Suu Kyi," said Maung Maung Aye, chairman of the National League for Democracy [NLD] (Liberated Area).

"They did it because of impending economic sanctions from the international community should Daw Aung San Suu Kyi's detention continue," he added.

The U.S. had warned the military regime that sanctions of sorts would be unavoidable should the Nobel Laureate be held after the July 11 deadline for her release.

Washington was also said to be seriously contemplating downgrading diplomatic ties with Burma to that of charge d'affaires. Sources from the U.S. said that U Thaung, the Burmese ambassador to Washington, was reported to have returned to Rangoon recently to hold private talks with his government over the impending sanctions.

Aung San Suu Kyi enjoys the same "privileges" as the 45 million people in Burma which is not to engage in politics, Maung Maung Aye said. He called on the military regime to "remove these restrictions" so that Daw Aung San Suu Kyi and all political parties could once more actively engage in national politics.

"Daw Aung San Suu Kyi is our leader, and is the only qualified person who is capable of settling the troubled political situation in Burma and of restoring peace and national reconciliation to the country. Without her participation this would not be achieved," the MP [member of parliament] from Mandalay said.

He urged SLORC to release all other political prisoners and to honor the results of the 1990 elections.

Maung Maung Aye is an elected MP from Northeast Mandalay constituency. He and other elected NLD MPs fled to the Thai-Burmese border to escape arrest after SLORC threw out the results of the May 1990 general election and began rounding up politicians.

NLD vice-chairman U Tin Aung said that all democratic forces within and without the country and the entire Burmese populace are overjoyed to see Suu Kyi gain her freedom at last.

"However, we cannot afford to be complacent just with her release, but will have to continue with our struggle to ensure that democracy is returned to our country and human rights is restored," said U Tin Aung. "Also, we must all work towards achieving national reconciliation in Burma."

The Burmese dissidents also expressed concern for the personal safety of Suu Kyi now that she is free to move about the country. They say SLORC cannot really be trusted, and cited the outcome of the last election and the ongoing military-staged National Convention as examples.

Clauses inserted in drawing up the new constitution disqualifies Suu Kyi from participating in national politics because of her marriage to a foreigner.

"This clearly indicates that SLORC does not want Suu Kyi, so this makes it a cause of concern for her personal safety," Maung Maung Aye said.

Khun Marko Ban, another democratically elected MP from Loikaw, believes Suu Kyi is not really free as yet. He compared her release to that of a person being released from a maximum security prison to that of an "open" one.

"Daw Aung San Suu Kyi's status now is like those of her countrymen who have been denied freedom of speech, thought and action. The Burmese populace is being held in one big open prison today," Khun Marko Ban said.

"If the SLORC really cares for the country then it should honor the mandate of the people who decided in 1990 to have a democratically elected government.

"It must also accept to hold tripartite talks between the military, the democratic forces led-by Daw Aung San Suu Kyi and representatives from other races in the country.

"We must have full democracy and the chance to set up a federal government. Then only can Burma become a truly democratic nation," he said.

The Kayan representative, who once sat in the National Convention, fled to the Liberated Area on the Thai-Burmese border in 1993 after he became disillusioned with the tactics employed by the SLORC to influence the drawing up of a new constitution.

Khun Marko Ban, who belongs to the Democratic Organization for Kayan National Unity, also called on the United Nations and the international community to impose strict trade and arms embargoes against the SLORC.

Dr Naing Aung, chairman of the All Burma Students' Democratic Group, echoed the sentiments of the Kayan leader.

"Basically and unavoidably, we have to attempt the tripartite dialogue between the SLORC and the democratic forces, including ethnic resistance groups, in order to set up a coalition led by Daw Aung San Suu Kyi."

Khin Nyunt Explains 12 National Objectives

BK1107032495 Rangoon TV Myanmar Network
in Burmese 1330 GMT 7 Jul 95

[FBIS Translated Excerpt] Lieutenant General Khin Nyunt, secretary-1 of the State Law and Order Restoration Council (SLORC), held a meeting at the Defense Ministry's Meeting Hall at 0800 today to explain the state's political, economic, and social objectives. The meeting was attended by SLORC members, cabinet ministers, deputy ministers, members of the Multi-party Democratic General Elections Commission, chairman and members of the National Convention Convening Commission, central executive committee members of the Union Solidarity and Development Association, senior military officials, the leader and members of the SLORC Information Committee, the chairman and members of the Yangon [Rangoon] City Development Committee, departmental heads from various ministries, president of the Foreign Correspondents Club of Myanmar [Burma], responsible personnel from the government news and information agencies, and invited guests. Lieutenant Colonel Pe Nyein, director general from the SLORC Office acted as the secretary of the meeting.

At the meeting, Lt. Gen. Khin Nyunt explained the existence of the Union of Myanmar is traditionally linked to the long history of its national races since time immemorial. [passage omitted on history of Burma, national unity among national races, armed struggle and independence, SLORC's taking of power, and ongoing national convention]

He noted that the National Government, in the hope of achieving national reconciliation, is still inviting armed groups in the jungle to give up their armed struggle and to return to the legal fold. Similarly, the State is also extending its invitation to the political forces, in view of the national interest, to join the National Government to build a stable, peaceful, developed, and modern nation. [passage omitted citing SLORC chairman's Armed Forces Day golden jubilee speech]

Khin Nyunt explained that the SLORC, taking a lenient attitude toward citizens who have been convicted and citizens who have been standing trial for criminal offenses — other than those who have been convicted for treason, those who have been convicted under the illegal organizations act and the emergency provisions act, and those involved in criminal appeal cases — issued Order No. 4/89 on 20-7-89 for the reduction of sentences and cancellation of cases. In accordance with Order No. 4/89, a total of 28,453 persons — 9,616 convicted persons and 18,837 persons standing trial — have been released from various jails on humanitarian grounds. With a view to national reconciliation and based on the various sit-

uations in the country, the SLORC issued Declaration No. 11/92 on 24-4-92 releasing those detained for political reasons other than those affecting national security. In accordance with Declaration No. 11/92, a total of 2,246 detainees were released — 1,227 in 1992, 791 in 1993, 96 in 1994, and 132 in 1995. The SLORC has reduced by one-third the sentences of convicted persons who have contributed volunteer labor at the various state development project sites. Accordingly, altogether 7,753 convicted persons have been released since 27 March 1995. Lt. Gen. Khin Nyunt notified that altogether 38,452 convicted persons have been released during the SLORC's tenure of government. This shows the National Government's flexibility and humanity. [passage omitted on colonization of Burma, armed struggle, role of military, and reiteration of 1988 demonstrations]

The secretary-1 continued to explain that, without stability, peace, and the rule of law within the country, development activities could not be implemented. Therefore, the SLORC has made stability, tranquility, and the rule of law as its first political objective; and due to the implementation of this objective, we have achieved tranquility and the rule of law. As there is peace and stability in the country and since the SLORC has realized that the development of unity among the national races and national reconciliation plays a major role, it has prescribed national reconciliation as its second political objective. In accordance with this objective, the SLORC has extended welcoming hands to the armed groups in the jungle to return to the legal fold since it took over the responsibilities of the State. One armed group after another has returned to the legal fold, after realizing the genuine goodwill of the SLORC, to join hands with the government in respective regional development activities. Currently, everybody knows that 15 out of 16 armed groups have returned to the legal fold. In other words the SLORC has accomplished what efforts of past eras failed to achieve. The SLORC, to reconstruct national reconciliation, has given priority to the development of remote border areas where the national races reside. For the development of border areas and national races, the SLORC has formed the Central Committee for the Development of Border Areas and National Races with the SLORC chairman as the committee chairman, and for the implementation of border development projects the SLORC also formed the Work Committee for the Development of Border Areas and National Races with the SLORC secretary-1 as the committee chairman. Moreover, the SLORC organized the new ministry of Progress of Border Areas and National Races and Development Affairs to implement border development projects with increased momentum.

Lieutenant General Khin Nyunt noted there were two previous constitutions in the Union of Myanmar — the 1947 Constitution and the 1974 Constitution. The 1947 Constitution, which was drawn during the colonial period to gain independence, included opportunities for autonomous states, which was detrimental and could have caused the disintegration of the country. Similarly, the 1974 Constitution supported the one-party system and the socialist economic system. Since those two constitutions are not in compliance with today's political and economic objectives, programs and targets, and the ambitions and desires of the people, there is a need for a new constitution in line with the present political and economic systems and the wishes of the populace. That is why the emergence of a new and firm constitution has been made as the third political objective. Although the National Government can initiate and draw up a new constitution, a National Convention has been convened for the emergence of a firm constitution after thorough discussions by delegates representing the entire populace. [passage omitted on the National Convention]

Only after the emergence of a new and firm constitution, the fourth political objective — to build a modern and developed nation in accordance with the new constitution — could be implemented. After adopting the new constitution, a strong government will emerge in accordance with that constitution. The Tatmadaw [Defense Services] has been inevitably upholding the national duty for the nondisintegration of the union and the perpetuation of national sovereignty and has no intention of holding on to state power for long. That is why the Tatmadaw is rendering its utmost assistance for the successful completion of the National Convention because the National Convention plays a major role in the emergence of a new constitution.

Continuing, Khin Nyunt explained that the SLORC believes politics and economics have related, reciprocating effects on each other. Economic stability requires political stability and on the other hand political stability supports economic development. That is why the SLORC has prescribed four economic objectives similar to the four objectives in the political sector. These objectives should be prescribed in accordance with the country's natural resources and environment and should be achievable and practicable. The SLORC believes agriculture-based economic development is appropriate for Myanmar, which has suitable conditions. The first economic objective has been prescribed as agriculture-based integrated industrial development. He noted that although the development of the country is based on agriculture, development has been divided into eight sectors — agriculture, forests, livestock breeding and

fisheries, energy, mining, industry, trade, and hotels and tourism — based on abundant natural resources and current economic development activities. The respective sectors have made substantial growth; for example, since Myanmar has large deposits of natural gas, Myanmar has planned to sell about 400-500 million cubic feet of natural gas annually to Thailand in 1998.

The second economic objective is to bring about a sound market-oriented economic system. The National Government has been providing every form of assistance for the successful implementation of a market-oriented economic system including promulgation of laws, by-laws, and procedures. The people can now freely and actively participate in the respective economic sectors. Although the State has played a major role in economics previously, it is now reducing its role and is making arrangements for a smooth transfer to the cooperatives and private sectors. In doing so, the State has also made the necessary arrangements for the welfare of the workers involved. As the country is moving towards market-oriented economic system, the role of the private sector is becoming more significant in the country's economy.

Myanmar has great economic development potential because of its vast natural resources, but Myanmar will need substantial investment and modern technical expertise for economic development. The third economic objective is to invite domestic and foreign technical expertise and investment for increased economic development. Foreign companies, which have come to know the economic potential of Myanmar and the business trends, have been investing in Myanmar and the total amount of foreign investment in Myanmar to date has reached over US\$ 2.7 billion. The major countries investing in Myanmar not only includes neighboring countries like Singapore, Thailand, Malaysia, the People's Republic of China, and Hong Kong but also includes western countries like the United States and France. The major investment sectors are oil and natural gas production, hotels and tourism, agriculture, livestock breeding and fisheries, industries, transportation, and services. Foreign investment is expected to increase to over US\$ 4 billion by the year end.

The fourth economic objective is the power to create the country's economic development to lie within the country and its people. Myanmar, in practicing an open-door economic system should be aware about the disappearance of national economic ownership system and should create a strong national economy based on equity. If the economy door is opened freely without any restriction the economic privileges of the country will fall entirely into the hands of foreigners. To prevent such happenings and for mutual benefit and equity, the power to create the country's economic development should

lie within the government and the national races. Due to these objectives and basic principles, the economic sector has obtained substantial achievements. The GDP, which has been projected to increase by 22 percent at the end of the 1992-93 to the 1995-96 four-year-plan, has already passed 22 percent after three years — the GDP grew 9.7 percent in 1992-93, 5.9 percent in 1993-94, and according to primary figures 6.8 percent in 1994-95. The GDP is expected to grow 7.7 percent in the 1995-96 fiscal year.

Li Gen. Khin Nyunt next noted that a country that is politically stable and economically developed could be defined as a developed nation only if it is also socially developed. The SLORC has also prescribed four social objectives similar to the four political and four economic objectives. [passage omitted on defining social objectives of discipline, culture, nationalism, and health and education]

He explained these 12 objectives — four political, four economic, and four social — are the goals of our country. It is the responsibility of every citizen to achieve those goals. All responsible personnel need to participate and work hand-in-hand together to accomplish these 12 national goals. All state-owned newspapers will begin carrying these objectives from today as a reminder to all. Continuing, he presented explanations on foreign relations.

Myanmar in accordance with its free and active foreign policy has goodwill and cordial relations with the countries of the world especially with its neighbors. Myanmar has based its relations on the five principles of peaceful coexistence. [passage omitted on reiteration of past incidents]

ASEAN is becoming more prominent day by day in Southeast Asia and although Myanmar is not an ASEAN member, it has maintained good and friendly relations with all ASEAN members. Moreover, Myanmar [Burmese] Foreign Minister U Ohn Gyaw at the invitation of host country Thailand was able to attend the 27th ASEAN foreign ministers' meeting in Bangkok last July. Myanmar believed that ASEAN's Constructive Engagement Policy is mutually beneficial. Myanmar has been invited to attend the 28th ASEAN foreign ministers' meeting to be held in Brunei this July. Because of Myanmar's political and economic policies and situations, and Myanmar's belief that increased goodwill relations with regional countries would enhance regional peace, stability, and development, Myanmar-ASEAN relations will be broaden in the future. [passage omitted on Myanmar's participation in the United Nations and Burmese definition of human rights]

Since the SLORC has already made a commitment to develop a genuine democracy system in accordance with Myanmar's historical tradition, culture, customs, religion, and teachings, it is working systematically and step by step for the development of a true democracy system. In developing a democracy system in Myanmar, an individual's rights is respected while priority should also be given to developing the country as a whole. Myanmar acknowledges the fact that priority should be given to the rights of 45 million people in the country than the rights of an individual.

Following, Khin Nyunt explained that the narcotic drugs problem is a legacy of the British colonial government. Everybody knows that Myanmar has made narcotic drugs suppression activities as a national duty and the SLORC has laid down two national drug suppression strategies. The first strategy is considering narcotic drug suppression activities as a national duty and acting with increased momentum from all sides. The second strategy is to develop the border areas and the life of the national races to slowly diminish dependence on narcotic cultivation. To effectively administer anti-narcotic drug activities, the Central Committee for Drug Abuse Control headed by the home minister has been engaged in anti-narcotic activities. Myanmar believed that international cooperation is needed for drug abuse control activities from cultivation to usage. Myanmar is engaging in anti-narcotic drugs activities not only as a national duty but also as an international duty. Many lives and much blood and sweat of the defense services personnel have been sacrificed in fighting with Khun Sa's drug trafficking armed bandits. In last year's offensive against drug kingpin Khun Sa, 193 soldiers laid down their lives while 357 soldiers were wounded. This year also, 76 soldiers laid down their lives for the country while 178 soldiers were wounded while fighting Khun Sa's terrorist drug traffickers. In narcotic drug suppression activities, some foreign aid was received in the past but due to the unclear views of some western countries, no aid was received and everything has been done on a self-help basis. Whatever happens, Myanmar, on a self-help basis with its own resources, will continue to be engaged in anti-narcotic drugs activities as a national duty. [passage omitted recapping explanations]

The meeting ended at 0935. SLORC Secretary-1 Li Gen. Khin Nyunt next cordially greeted those present at the meeting.

Brunei, Malaysia & Singapore

Malaysia

Minister Rejects Pressure by U.S. Paper Group

BK1007121795 Kuala Lumpur THE STAR in English
10 Jul 95

[Report by A. Letchumanan; received via Internet]

[FBIS Transcribed Text] Melaka — The American Forest and Paper Association (AFPA) has no basis to call on the US Government to remove the Generalised Services Preference (GSP) status for Malaysia, Primary Industries Minister Datuk Sri Lim Keng Yaik said yesterday.

He said such groups usually use the GSP to limit the entry of manufactured goods into their country.

"I am confident the US administration will not entertain AFPA's request," he said when commenting on a call by the association to cut off GSP status for Malaysia unless the country was willing to reduce tariffs on wood and paper products.

The association is the only agency to have filed a complaint against Malaysia.

Lim said the Government expected more calls for limitations, as the local producers gain increasing share of the market in developed countries.

"Local producers should maintain their competitiveness in the world market," he said.

He said local producers must not be dependent on the GSP, but be prepared for the day when it will be withdrawn.

"The developing countries welcome and want the GSP, but there will come a day we would have to wean away from the dependency on GSP and stand on our own to be compete," he said.

Lim said the ministry would send a representative to forward Malaysia's explanation at the Congressional hearing if there was one.

According to a BERNAMA report from Washington yesterday, the association claimed that Malaysia raised the import tariff on paper products to protect its domestic mill.

The United States Trade Representative will announce his decision after investigations into the petitions filed by various organisations against more than 100 developing countries benefiting from the GSP.

At the same time, the Malaysian Government has requested for a waiver of GSP Competitive Need Lim-

itations (CNL) on Made-in-Malaysia audio cassette recorders which were projected to exceed the programme's US market share limits by this year.

Malaysia produced 2.2 million units valued at US\$162 million (Malaysian ringgit) (RM395 million) last year, and is projected to increase production of the audio cassette recorders to 2.4 million units worth US\$193 million (RM490 million) by the end of the year.

The Government has projected that production could fall to as low as 761,000 units by 1997 worth US\$75 million (RM183 million) if Malaysia loses duty-free treatment on these products and manufacturers relocate to other countries in the Pacific.

Minister Threatens Soybean Oil Countercampaign

BK1007132395 Kuala Lumpur THE STAR in English
10 Jul 95

[Report by Hamdan Raja Abdullah; received via Internet]

[FBIS Transcribed Text] Muar — Malaysia may resort to a tit-for-tat campaign against soybean oil producers if their lobbyists continue with their anti-palm oil campaign.

Primary Industries Minister Datuk Sri Dr Lim Keng Yaik said studies had shown that the hydrogenation process of soybean into margarine and shortenings changed the character of the oil to worse than animal fat.

"This means the oil has very high cholesterol content, compared with palm oil, which is naturally hydrogenated and does not need to undergo such process.

"I have kept this knowledge for over five years as we have a political agreement with the American Soybean Association not to attack each other," he said after opening the Johor Gerakan [Party] delegates conference here yesterday.

Dr Lim, however, said the group had recently started new campaigns against palm oil and its tactics included getting governments to ban the use of palm oil.

He said Nepal was one of the countries which imported between 50,000 and 60,000 tonnes of palm oil a year from Malaysia, and it would decide on the ban this week.

He said it would damage the palm oil industry if the group managed to have its way, and Malaysia would have no choice but to resort to stronger counter-campaigns against soybean producers.

Dr Lim said although he tried to uphold the political agreement with the American group, things had gone

too far, and he felt Malaysia may have to disclose the dangers of soybean oil to consumers.

"I may do this at the international oil seed crushers conference, to be held in Malaysia in September, if they continue to campaign against palm oil.

"I have to send delegates from the ministry, the Malaysian Palm Oil Research Institute and the Malaysian Palm Oil Promotion Council to Nepal to explain matters," he said.

Dr Lim also called on Malaysian palm oil producers to agree to an increase of palm oil cess from [Malaysian ringgit] RM2 per tonne to RM3.

Badawi on Plans To Boost Trade With Pakistan

BK1007132295 Kuala Lumpur THE STAR in English 10 Jul 95

[Report by K.Y. Pung; received via Internet]

[FBIS Transcribed Text] Petaling Jaya — Malaysia will sign a bilateral payment arrangement (BPA) with Pakistan to pave the way for both countries to increase the volume of trade.

Foreign Minister Datuk Abdullah Ahmad Badawi said going by past experiences, such arrangements had raised trade volume by as much as 300 per cent.

"The BPA will increase economic activities as investors will be more confident to invest.

"It is because of the BPA that we have achieved a higher trade volume with some South American countries," Abdullah told reporters at Subang Airport after seeing off Pakistani Prime Minister Benazir Bhutto.

The trade balance between the two countries was now at [Malaysian ringgit] RM800 million in Malaysia's favour. Trade with Pakistan makes up 0.6 per cent of Malaysia's total external trade.

Abdullah said the BPA was among two matters which Benazir had said Pakistan would pursue in the near future.

He said the other was Pakistan's desire to join the South Investment Trade and Technology Data Exchange Centre (SITTDEC) to enable the country to source latest information on investment opportunities in developing countries.

Abdullah said a Pakistan-Malaysia joint commission would be set up soon which was provided for under the technical co-operation agreement signed between Malaysia and Pakistan two days ago.

"The commission is a co-ordinating mechanism to ensure that all decisions arrived at would be followed up," he said.

Abdullah said Benazir had expressed satisfaction with her visit that had secured RM1.3 billion in investment pledges.

He said she was happy with the response from businessmen she met here whom she was inviting to invest in her country.

Earlier, Benazir was seen off by Abdullah and Deputy Health Minister Datuk Siti Zaharah Sulaiman, who was the minister-in-attendance, and other government officers.

She arrived on Thursday with husband Asif Ali Zardari, their children, and a 20-member delegation for a three-day official visit to Malaysia and left at 1 2.40 pm yesterday on a Pakistan Air Force jet.

Serb Offensive in Srebrenica 'Strongly' Condemned

BK1207090695 Kuala Lumpur Voice of Malaysia in English 0800 GMT 12 Jul 95

[FBIS Transcribed Text] Malaysia has strongly condemned the latest Serb offensive against the UN-designated safe area of Srebrenica in Bosnia-Herzegovina. Foreign Minister Datuk Abdullah Ahmad Badawi said Malaysia also fully supports the request by the government of Bosnia-Herzegovina for an emergency session of the UN Security Council. He said this in a statement released in Kuala Lumpur. Datuk Abdullah said in light of the incursion, Malaysia urged the North Atlantic Treaty Organization to take immediate and effective measures to redress the situation in Srebrenica as well as other UN safe areas in view of the continued Serbian aggression. He added that the attack and incursion by the Serbs had led to further bloodshed and destruction.

Singapore

Foreign Ministry Hails Release of Suu Kyi

BK1107134995 Singapore Radio Corporation of Singapore in English 1300 GMT 11 Jul 95

[FBIS Transcribed Text] Myanmar's [Burma] newly released opposition leader Aung San Suu Kyi has called for reconciliation and dialogue in her country. Ms. Aung San Suu Kyi said the opposition would like to hope toward achieving peace and stability in the country. She had been under house arrest for nearly six years.

Meanwhile, the Ministry of Foreign Affairs in Singapore has issued a statement on the release. It said Singapore views the release of Ms. Aung San Suu Kyi

as a positive move by the Myanmar leadership toward political change to return the country to normalcy, a process which Singapore has quietly encouraged. Singapore continues to believe that ASEAN's policy of constructive engagement with Myanmar will help to encourage the Myanmar leadership to continue to open its economy and society and progress like the other countries in Southeast Asia.

Cambodia

Nation To Attend ASEAN Meeting as Observer

BK1207065595 Kuala Lumpur Voice of Malaysia in English 0800 GMT 11 Jul 95

[FBIS Transcribed Text] Cambodia will attend the ASEAN foreign ministers meeting in Brunei at the end of this month as an observer. Foreign Minister Datuk Abdullah Ahmad Badawi said the Cambodian National Assembly unanimously agreed to ratify the ASEAN Treaty of Amity and Cooperation to become an observer. Datuk Abdullah was speaking to reporters after meeting with Cambodian Prime Minister Hun Sen who is on a private working visit to Malaysia. He said that Hun Sen also expressed Cambodia's intention to become an ASEAN member.

Hun Sen, who is in Kuala Lumpur at the invitation of a group of Malaysian businessmen, hoped to attract more local businessmen to invest in Cambodia since Malaysia with a total investment of 1.5 billion ringgit is now the main investor in Cambodia.

Khmer Rouge Battles at Thai Border Intensify

BK1107052195 Bangkok BANGKOK POST in English 11 Jul 95 p 9

[FBIS Transcribed Text] Sa Kaeo — The battle between Cambodian government troops and Khmer Rouge guerrillas has continued to intensify close to the Thai border with both sides using light and heavy weapons and stray shells consistently hitting Thai soil, a border source said.

In heavy downpours yesterday, Cambodian government troops entered their seventh day of launching continuous heavy attacks to capture the Khmer Rouge stronghold in Phnom Khla Ngoap, only about 15 kilometres southeast of Thailand's Aranyaprathet District.

The Khmer Rouge guerrillas were reported to have strongly defended their base.

Both sides exchanged machinegun fire, rocket-propelled grenades and artillery shells during close confrontations on the ground.

Cambodian government troops have also been using helicopter gunships to shower their compatriot enemies with gunfire from the air, it was reported yesterday.

With the roar of gunfire frequently heard on the Thai side an unidentified force of about 100 Cambodian soldiers was reported to have intruded twice into Thai territory at Laem Nong Ian Village yesterday afternoon.

They retreated when the Thai military chased them off with gunfire.

The village was still being hit by Cambodian shells yesterday.

While inspecting the border area around Wang Mon Village, Tambon Thakham yesterday, First Army Region commander Lt-Gen [Lieutenant General] Bandit Malaisarisun said the battle would become even heavier in the coming week as the Cambodian government wants to overrun the Khmer Rouge strong hold from which guerrillas frequently attack Poipet market.

Lt-Gen Bandit said he was very concerned about the safety of Thai villagers living near the border area.

According to sources connected to Cambodian government troops in Poipet, the Khmer Rouge have moved up 500 more guerrilla reinforcements from Pailin to the front line.

In response to the movement, Thailand's border troops were reported to have requested reinforcements from the Burapha Force to cope with any further intrusions.

Commentary Rejects Rangsi Charges on Hostages

BK1207064895 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 10 Jul 95

[Political commentary: "Why Do They Resemble One Another So Much?"]

[FBIS Translated Text] Recently, Sam Rangsi, who was expelled last month from the National Assembly, told a French newspaper in Paris that he himself had collected 150,000 U.S. dollars to pay for the release of the hostages from the rebels, but that sum was not spent because the government wanted to make the Khmer Rouge look bloodthirsty.

Sam Rangsi said this to FRANCE-SOIR newspaper by blaming the government for seeking every means to push the Khmer Rouge to kill those three young people.

This is Sam Rangsi's groundless accusation in an attempt to get revenge on the National Assembly and Royal Government for removing him from the Royal Government and National Assembly.

Through such vitriolic remarks, Sam Rangsi wanted some countries, particularly France, England, and Australia, to stop giving aid to the Royal Government, which is struggling to restore and develop the nation.

It should be noted that Frenchman Jean-Michel Braquet, Australian David Wilson, and Briton Mark Slater, who were kidnapped by the Khmer Rouge in July last year, were killed several months later after the negotiations between the Royal Government and the rebels failed. At that time, both the Armed Forces and Royal Government had done everything possible for the release of those hostages. At first Paet, the Khmer Rouge culprit, demanded a ransom of 150,000 U.S. dollars. Later on, acting in line with Pol Pot's letter, the rebels used the case of the three hostages to serve their policy by demanding that the three countries to stop giving aid to Cambodia; but since this attempt failed, Pol Pot then ordered Paet to kill the three hostages.

Therefore, it is true that at first, the negotiators received this sum of money that Sam Rangsi mentioned. But after the Khmer Rouge turned this case into a political one, this sum of money was returned to the Finance Ministry.

At that time, many Western countries and the other opponents said that Cambodia should not give the demanded ransom.

Concerning this case, analysts of the situation in Cambodia said that money was not the principle matter. The main problem was that the rebels attempted to use the hostages as a barter in exchange for the end of aid to the Royal Government.

Sam Rangsi who was then the state minister is not ignorant of all the measures taken to solve this hostage issue. Sam Rangsi has perhaps not yet forgotten that many of our soldiers were killed in the efforts to free the hostages. Therefore, he has no foundation whatsoever for his accusation. Moreover, their majesties the king and queen had made all-out efforts and did everything possible to achieve the release of the hostages.

In brief, Sam Rangsi's groundless accusation is ridiculous. This accusation aims only at avenging the fact that he was recently expelled from his party and the National Assembly.

No one listens to such an accusation. As a matter of fact, in a statement by Australian Foreign Minister Gareth Evans, it is said that [words indistinct] elected through a democratic system. Gareth Evans stressed further that it was difficult to understand what would Cambodia get from the death of those hostages.

All the kidnappings have ruined Cambodia's interests in the areas of tourism, economy, and reputation.

It is general knowledge that no country, let alone Cambodia, would want to see foreigners killed on its territory, for it is a matter involving their own prestige.

As for Cambodia, we would not let them die if we could avoid it.

So, Sam Rangsi's arbitrary, completely unfounded accusation is merely designed to make foreign countries lose their trust in Cambodia and is also constitute his perfidious trick to stop foreign aid to Cambodia.

In July last year, after they kidnapped the hostages, the Khmer Rouge attempted to stop foreign aid by making use of these three hostages at Phnum Voar.

A year later, that is, in July 1995, Sam Rangsi attempted to use the same trick.

Why do the two of them resemble one another so much?

Thirty-Eight KR Defect From Ta Mok Division

BK1207054495 Hong Kong AFP in English
0507 GMT 12 Jul 95

[FBIS Transcribed Text] Phnom Penh, July 12 (AFP) — Thirty-eight Khmer Rouge guerrillas belonging to a division led by the rebels' most feared commander have defected to the government side, a senior military official confirmed Wednesday.

The guerrillas, from rebel division 980 under the command of Khmer Rouge military chief of staff Ta Mok, brought with them 38 guns when they defected in northern Siem Reap Province. General Ke Kimyan, chief of staff of the Royal Cambodian Armed Forces, told AFP.

He confirmed a report in the Khmer-language newspaper REAKSMEI KAMPUCHEA (LIGHT OF CAMBODIA) which said the defectors, including the commander of the division, had switched sides on July 5.

Ta Mok, one of Pol Pot's closest aides often described in press reports as "the notorious, one-legged Khmer Rouge commander," has his base in the rebel stronghold of Anlung Veng in Siem Reap province, the paper said.

In charge of three- to six-month guerrilla training courses, Ta Mok is said to have ordered his troops to make and plant more bamboo spikes, home-made landmines and booby traps in the continuing war against the coalition government.

Leaders Urged Not To Underestimate Khmer Rouge

BK1207063795 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 10-11 Jul 95 pp 1, 2

[Editorial: "The Khmer Rouge Are Not Strong But ..."]

[FBIS Translated Text] Despite repeated assurances by Cambodian leaders that the Khmer Rouge issue has become a nonissue and that it is no longer powerful, about 5,000 Khmer Rouge rebels have been able to

continue resisting the nearly 200,000-strong government army. This is excluding the police, military police, and militia, which have taken turns with government forces to seize control of a number of localities along the border. As a result, over 20,000 inhabitants have left their homes and suffer from food shortages.

The Khmer Rouge are not strong, but the government army seems to be weak. Every position it captures later falls into Khmer Rouge hands. It even loses its own positions such as at Treng. The consequences of this rotation of control over the villages are the [loss of] people's lives, the crippled, the destruction of homes, the increasing numbers of war refugees, shortages of food and shelter, and inability of the people to launch their production drive.

The Khmer Rouge are not strong. However, in the interior there are pro-Khmer Rouge politicians and political forces that are using the Khmer Rouge issue as a means to advance their personal interests. They do this by causing internal conflicts, while the government busily quarrels with the press, the National Assembly frequently fails to form a quorum, and various political parties face internal strife.

The Khmer Rouge are not strong, but no one dares claim to be able to eliminate them. Some foreigners have predicted that the Khmer Rouge will exist for another 20 years, and that while they exist, they will continue to cause insecurity and chaos.

The Khmer Rouge are said to have weakened because of dwindling numbers, but they have continued to cause insecurity on various stretches of national highways, the Pursat-Battambang railroad, as well as in some remote areas. Meanwhile, robberies have also been common along these highways.

The above is aimed at cautioning the government army and the Royal Government not to underestimate the Khmer Rouge. The Khmer Rouge will always lurk behind to haunt the government whenever it does anything wrong or fails to eliminate corruption, especially within the army.

Whether rural development will be a success depends on the security in the localities. The achievements made in rural areas will be destroyed if the Khmer Rouge is present. The primary basis for rural development is to ensure that there is security, sufficient food supply, and shelter for all. The policy of making "the people get rich before the state" will fail if security is not ensured. In such an event, the Khmer Rouge ghost will continue to haunt us.

Khmer Rouge Reject Agreements With Vietnam

BK1207114295 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 11 Jul 95

[“Communique” issued by the spokesman of the Provisional Government of National Union and National Salvation; dated 11 July; place not given — read by announcer]

[FBIS Translated Text] I. On 16 January 1995 when they went to Hanoi, the traitorous two-heads signed a number of agreements with communist Vietnam's war criminal chieftains, selling out tens of thousands of square kilometers to communist Vietnam and allowing millions of Vietnamese nationals to continue coming to swallow up Cambodia at will.

II. Recently, communist Vietnam's war criminal chieftains sent Do Van Tai, director [title as heard] of the External Relations Department of the Communist Party of Vietnam [CPV], to Phnom Penh to see the traitorous two-heads so as:

A. To inspect, monitor, and give advice on how to promote the CPV's leadership network, which has supervised the two-heads in all fields from behind the scene.

B. To directly order the two-heads, their out-and-out lackeys, to quickly put an official stamp of approval on the above agreements.

This means that the two-heads must announce recognition of a number of treaties and agreements that communist Vietnam made for its puppets to sign between 1979 and 1991, allowing Vietnam to grab tens of thousands of square kilometers of Cambodia's territory in the eastern part from the Dragon's tail area in Ratanakiri Province to the seas, islands, and plateaus in Kampot and Koh Kong Provinces, and recognizing and legalizing the influx of the 4 million-plus Vietnamese nationals to swallow up Cambodia at will.

C. To redress the situation of the two-heads, their lackeys, who have become extremely destitute in all fields and are collapsing militarily, politically, socially, economically, and financially.

III. According to reports from Phnom Penh, the two-headed ringleaders told CPV representative Do Van Tai that they would obey all the orders of the CPV chieftains concerning the agreements they signed in Hanoi in January 1995 with Vo Van Kiet and other communist Vietnamese chieftains.

IV. The Cambodian nation and people and the Provisional Government of National Union and National Sal-

vation [PGNUNS] most vehemently condemn the aforementioned nation-selling acts committed by the two-heads and we wish to reiterate our stand as follows:

1. All the treaties and agreements signed between communist Vietnam and its puppets and the two-heads from 1979 to 1991 and thereafter to the present ones must be declared null and void because they violate Cambodia's sovereignty and territorial integrity, international law, the UN Charter, and the October 1991 Paris agreements. This matter has been clearly stated in the Paris agreements and the Kingdom of Cambodia's Constitution.

2. Communist Vietnam must stop kindling the war in Cambodia and return to Cambodia all the territory it has seized in the period from 1979 to 1991. Communist Vietnam must respect Cambodia's territorial integrity, which was recognized by the Democratic Republic of Vietnam and accepted internationally in the 1960's.

3. The 4 million-plus Vietnamese nationals must be placed in camps and then sent back to Vietnam. Communist Vietnam must stop sending Vietnamese nationals to Cambodia. All Vietnamese nationals in Cambodia who are a part of the aggressor forces must be repatriated.

4. The foreign policy of the PGNUNS and Cambodian National Union Party toward the neighboring countries is to coexist peacefully on the basis of friendship; cooperation; noninterference; and respect for each other's sovereignty, territorial integrity, and mutual interests.

11 July 1995

PGNUNS spokesman

Khmer Rouge Call for Dissolution of Parliament

BK1207113695 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 11 Jul 95

[Article: "To the Cambodian Nation and People and to the International Community the Two-headed Parliament Is Just a Communist Vietnamese Deception and Should Be Dissolved"]

[FBIS Translated Text] In all countries the world over parliament is a nation's supreme institution, protecting the interests of the nation and people, its sovereignty, and territorial integrity, and representing the entire nation. How about the two-headed parliament?

Since communist Vietnam, UNTAC [UN Transitional Authority in Cambodia], and the villainous alliance set up this two-headed parliament, the nature of this parliament has been apparent to local and foreign opinion. Its

concrete activities over the past two years have further confirmed that this second-rate parliament is no more than a theatrical deception by communist Vietnam; it does not in any way represent the Cambodian nation and people. In fact our Cambodian nation and people know clearly which law has destroyed national reconciliation; which law has allowed the flow of ethnic Vietnamese into Cambodia; which law has allowed communist Vietnam to annex large chunks of Cambodian territory; which law has allowed unethical traders to destroy and plunder Cambodia's forest; which law has shut up journalists; which law has expelled people's representatives who correctly think about the nation; and so on. These laws have been hastily drafted and promulgated.

On the contrary, this second-rate parliament has never thought about drafting laws that protect the people's land, rivers, lakes, and forest so that the Cambodian people can earn their living in their names as owners of the country. This parliament has never bothered to draft laws to defend the Cambodian people and to protect them from being robbed and having their land and property expropriated by ethnic Vietnamese. It has never thought of drafting a law banning the recruitment of soldiers and militiamen. It has never thought of drafting a law to protect Cambodian children from being smuggled out, sold, and raped like animals. It has never thought about drafting a law punishing corrupt ringleaders who kill the nation and people; and so on.

Since in its nature it is a puppet and lackey, and with its concrete activities of killing the nation and people, can this second-rate parliament represent the nation and people? The answer comes clearly and swiftly: No, not at all. As for the second-rate people's representatives, they have never visited people in their constituencies. They have avoided starving people who have tried to meet them; they have never bothered to lend any assistance to help the people.

Therefore, to the Cambodian nation and people this two-headed parliament does not protect the interests of the nation and the people. It is a communist Vietnamese parliament fully serving the interests of communist Vietnam. The entire Cambodian nation and people categorically oppose and reject it. The international community also categorically opposes it and considers it worse than excrement.

Representing the Western countries' parliaments, the chairman of the British Parliament's Human Rights Commission recently called for the expulsion of Chea Sim, traitorous parliament chairman, because this man is a communist Vietnamese fascist dictator.

In sum, to the Cambodian nation and people and to the international opinion, the two-headed parliament is just

a trick of communist Vietnam to legitimize what the Communist Party of Vietnam has already prepared. It is on this point that public opinion everywhere, inside and outside the country, has agreed in its demand to dissolve this second-rate parliament, and to do so immediately and absolutely. Only this way can the interests of the Cambodian nation and people and Western countries be protected and communist Vietnam be prevented from monopolizing everything and behaving as a fascist dictator.

Indonesia

Dailies Welcome Release of Aung San Suu Kyi *BK1207113595*

[Passages in italics published in English]

[FBIS Editorial Report] Two Indonesian-language dailies on 12 July issue their respective editorials welcoming the release of Myanmar's [Burma's] opposition leader, Aung San Suu Kyi, from house arrest.

In a 700-word editorial entitled "The Release of Aung San Suu Kyi and Reconciliation in Burma Is Always Our Concern" on page 4, Jakarta KOMPAS considers Suu Kyi's release the most dramatic event in 1995.

The daily warmly welcomes the respective policies of Aung San Suu Kyi and the State Law and Order Restoration Council [SLORC], which rules Burma.

"The sincerity of the two sides has created a climate conducive to the realization of democracy, which the Burmese people have long fought for."

KOMPAS recalls that the imposition in 1962 of the Burmese Way of Socialism, which was a blend of Buddhism and socialism, had isolated Burma from the international community. The daily notes that economic difficulties, which were partly attributable to the end of the Cold War, had forced the Burma to open itself up and adopt a multiparty political system. However, the armed forces, which are locally known as Tatmadaw, later seized power following bloody pro-democracy demonstrations and put opposition leader Aung San Suu Kyi, who is the daughter of Burmese national hero Aung San, under house arrest. The military junta also refused to recognize the victory of the Aung San Suu Kyi-led National League for Democracy [NLD] in the 1990 election on grounds that the country needed a new constitution first.

"The political climate in Southeast Asia forced the SLORC to accept ASEAN's policy of *constructive engagement* to free Burma from isolation due to the hard stance of the West, which is still dissatisfied with the human rights situation in that country. If there are

no problems, Burma will be accepted as an ASEAN member in a year or two and its membership is the final goal of the policy of *constructive engagement*.

"We are very interested in every development in Burma. However, we are not sure yet whether Aung San Suu Kyi's release is an early indication of the SLORC's sincerity in starting the democratization process and restoring the NLD's right to rule or simply a temporary move.

"Nevertheless, one thing is certain. The political involvement of the Tatmadaw in Burma must be accepted. We quote SLORC Chairman General Than Swe as saying on the 50th anniversary of the armed forces last March that Tatmadaw must continue to participate in Burma's future national leadership.

"Accordingly, we believe that, whatever the progress in national reconciliation in Burma, it will remain one of our main concerns in Southeast Asia."

In a 600-word editorial entitled "The Victory of Democracy in Burma?" on page 5, Jakarta SUARA KARYA considers Aung San Suu Kyi's release from house arrest "very surprising" although the SLORC has softened its political stance since 1993. Last year, the Burmese military junta offered to release Aung San Suu Kyi if she was ready to leave the country. However, the military junta later maintained that her release would harm public interests.

The daily notes that the SLORC realizes that it needs to soften its stance to receive foreign aid and investment to cope with economic difficulties at home. In addition, the military junta also wants to concentrate on efforts to crush rebels belonging to various ethnic minorities as well as drug traffickers in the country.

"In view of the problems, the Burmese junta made a rational decision to release Aung San Suu Kyi. Through the move, the junta wants to persuade the international community to extend its aid to and increase investment in Burma.

"The release of Aung San Suu Kyi is a victory for pro-democracy opposition groups. However, the event itself cannot be regarded as a victory for democracy. There are still many stages to go through before democracy reigns in Burma. We will see whether Aung San Suu Kyi's release will rekindle the kind of mass unrest that was marked by terrible bloodshed in 1988. If that recurs, Aung San Suu Kyi's release will not mean much for the pro-democracy struggle. The military junta will have stronger grounds for crushing the pro-democracy movement."

Media Cover Withdrawal of Mantiri Nomination**Dailies Carry Editorials**

BK1107042895

[FBIS Editorial Report] Three Indonesian-language dailies — Jakarta SUARA KARYA on 8 July, Jakarta KOMPAS on 8 July and Jakarta MERDEKA on 10 July — carry editorials on the withdrawal of Mantiri's nomination as the next Indonesian ambassador to Australia.

SUARA KARYA carries a 700-word editorial on page 5 entitled "Mantiri Nomination Canceled." It notes that despite having agreed to the nomination of Lieutenant General H.B.L. Mantiri to be appointed as Indonesia's ambassador in Canberra, the Australian Government finally rejected it because of the protests from certain groups in Parliament, nongovernmental organizations, and the local press.

The editorial says: "It looks as though the agitations and the demonstrations by some political parties and certain groups in Australia have become irrational and are getting out of proportion." It quotes Foreign Minister Ali Alatas as saying that Indonesia would not stand to see its envoy Mantiri, who is the official personal representative of the president of the Republic of Indonesia, to be the target of political campaign and insults. Indonesia has also decided to leave the post temporarily vacant.

The editorial says: "There are several matters that need to be scrutinized in connection with this incident. First of all, it is apparent that certain groups in Australian society, particularly supporters of the Labor Party, are still interested in the East Timor issue. The cancellation of Mantiri's appointment might not have happened if the two governments, especially the Australian, had anticipated its people's reaction before agreeing to it. This is a lesson to Indonesia when appointing its envoys to Australia in the future."

Continuing, the editorial says: "By leaving the post of Indonesian ambassador to Australia temporarily vacant, diplomatic relations between the two countries have been affected psychologically and are now in decline."

Concluding, the editorial says: "We hope that this case will become food for thought for Indonesia and Australia because there are many more mutually beneficial matters that have to be protected and developed in the future. It will be good if diplomatic relations can return to what they used to be."

In a 900-word editorial on page 4 entitled "Reaction to and Cancellation of Mantiri Nomination Upset Indonesia-Australia Relations," KOMPAS believes that

the building up of good relations with Australia is a complex and difficult task.

Continuing, KOMPAS says: "The latest incident upsetting bilateral relations between the two countries happens at a time when mutual understanding has been established to such an extent that there are cordial telephonic discussions between President Suharto and Australian Prime Minister Paul Keating."

KOMPAS adds: "The nomination of Mantiri as the next ambassador in Canberra has become an irony. He is not just a senior military officer. He is a senior officer who is considered to be successful in his military career, attentive, charismatic, and a man of high integrity. He is no less competent than the late Major General (retired) August Marpaung, former ambassador to Australia."

Continuing, KOMPAS gives an account of the 12 November 1991 Dili incident and Mantiri's comments on the incident, which were quoted by the Australian weekly, EDITOR, in an edition published in 1992.

The daily describes the reaction by some politicians and certain groups in Australia to the Mantiri nomination as not spontaneous and sincere at all. "It is merely used as a tool for political rivalry in the neighboring country. In fact, it also reflects the political differences between Prime Minister Paul Keating and Foreign Minister Gareth Evans."

Noting Australia's gratitude to the East Timorese for protecting the Australian forces from the Japanese in the Pacific War, KOMPAS says: "The East Timor issue is still complicating the case of bilateral relations between Indonesia and Australia. This has even become Australia's domestic political issue. If there is no consistency in evaluating the issue, it will always be raised time and again."

Continuing, KOMPAS says: "Indonesia and Australia are fully aware of the sensitivity of the East Timor issue. This means that when the two countries are making a lot of effort to maintain and strengthen good relations, they have also focused their attention on the East Timor issue."

KOMPAS adds: "It is surprising to see that the nomination of Mantiri as Indonesia's ambassador in Canberra has triggered a furor in Australia, staged by politicians and certain groups of people." In view of this, Foreign Minister has decided to leave the post of Indonesian ambassador to Australia temporarily vacant.

KOMPAS concludes by underlining Gareth Evans' statement "to let the dust settle for a while before making another nomination," but the editorial asks after the dust has settled: "How and from where can the good

and mutually beneficial relations be redeveloped? What a pity that even a democratic government and society cannot grow to maturity."

MERDEKA carries a 600-word editorial on page 6 entitled "The Nomination of Mantiri Is Not Indonesian Blunder." The daily says that the integration of East Timor into Indonesia has made Australia look at Indonesia as a "threat from the north." The daily says: "Australia is firm in its objective to be the final obstacle to the colored race's aspiration for 'expansion.' The true character of Australia has been clearly seen from the founding of the Republic of Indonesia and up to and including Canberra's rejection of the nomination of Mantiri as the next ambassador to that country."

Reviewing Australia's economic interest in the Asia-Pacific region and its foreign policy, the daily adds: "On the one hand, Australia is interested in tapping oil resources in the Timor Gap, but on the other, it is spreading the European's (Portugal) mission line in matters relating to the East Timor issue."

Continuing, MERDEKA says: "The Australian Government has made a blunder in rejecting Mantiri's nomination. The Australian Government is obsessed with its superiority complex toward colored races. It wants to benefit from the oil resources in the Timor Gap, but at the same time it does not want to be detached from the European culture and continues to serve the interest of countries in the European Continent. Australia's dual 'political interest' is clearly seen now."

MERDEKA concludes, "Australia has to be held responsible if later Indonesia finds it 'difficult' to appoint an envoy to replace outgoing ambassador Sabam Siagan and diplomatic relations are temporarily maintained at the charge d'affaires level."

Radio Comments

BK1107042595 Jakarta Radio Republik Indonesia
Network in Indonesian 0000 GMT 10 Jul 95

[Station commentary]

[FBIS Translated Text] A one-hour meeting at Jakarta's Merdeka Palace between Vice President Try Sutrisno and Philip Flood, an adviser to the Australian prime minister, discussed the withdrawal of (retired) Lieutenant General H.B.L. Mantiri's nomination as the Indonesian ambassador-designate to Australia. The two men also discussed Indonesia's stand on the strategic situation in the Asia-Pacific. Speaking to reporters after his meeting with the vice president, Philip Flood said the withdrawal of Mantiri's nomination will not affect the close ties between the two countries.

Meanwhile, the Australian press have strongly criticized Australian Foreign Minister Gareth Evans over the withdrawal of the nomination. One of Australian dailies said the withdrawal of the nomination reflects the poor quality of Evans' diplomatic career. In its editorial, THE SYDNEY MORNING HERALD says it is hard to see the Mantiri incident as a diplomatic triumph for Australia. THE DAILY TELEGRAPH MIRROR believes that Mantiri's nomination is an honor to Australia because he is an important and highly respected person in Indonesia. The CANBERRA TIMES editorial also strongly criticized Evans. As for the Indonesian press, they believe there is a difference of opinion between Australian Prime Minister Paul Keating and Foreign Minister Gareth Evans on the East Timor problem, which is a sensitive issue in that country.

Philip Flood's observation that bilateral ties will not be affected by the Mantiri case is understandable. Even if Philip Flood is only paying lip service, there is still optimism that cordial bilateral ties will continue, even though Jakarta will certainly adopt a more cautious approach toward the Australian Government and people.

Another problem is the absence of an Indonesian ambassador in Australia as well as how long the post will be vacated. The longer the situation is allowed to remain uncertain, the worse it will be for the two sides. The efforts made by Prime Minister Paul Keating and President Suharto to strengthen bilateral ties should not be sabotaged by the Australian people themselves for their own interests.

Minister Disagrees With Country Risk Assessment

95SE0140B Jakarta BISNIS INDONESIA
in Indonesian 5 May 95 p 12

[FBIS Translated Text] Jakarta, BISNIS INDONESIA—Sanyoto Sastrowardoyo, minister of state for investment and chairman of the BKPM [Investment Coordinating Board], has said that foreign capital investment in Indonesia is increasing because foreign investors regard the business climate as rather good.

After reporting to President Suharto on 4 May he said: "Therefore, we should ask those who say that the business climate in Indonesia contains high risks. That is not true. The proof is in the figures, which speak for themselves."

Regarding reports that the "Country Risk" (CR) [preceding word in English] in Indonesia is still considered high and is having an impact on interest in foreign capital investment (PMA), the minister of state for investment said that, in fact, the relative risk in a country has

no relationship with investment agreements and their implementation.

He declared: "The CR must be regarded, among other things, from the point of view of political stability, the monetary system, economic management and infrastructure, the 'debt service ratio' (DSR) [preceding three words in English], and labor disputes."

All of these factors need to be considered. It may be that the consideration of these factors differ from country to country. The minister said that, strangely enough, there are some business consultants who say that conditions in Indonesia are worse than in Bangladesh.

He pointed to the evidence that total foreign investment approved during the period from 1 January to 29 April 1995 amounted to \$15.6 billion, or 4.6 times greater than during the same period in 1994.

According to Minister Sanyoto, President Suharto is happy at the growth of investments. However, he gave instructions that investments already approved must really lead to actual implementation of the projects concerned.

The minister quoted the president as saying: "Don't just get a Permanent Letter of Decision (SPT) and then have nothing happen to it. Investors must really be given facilities and be able to carry out the planned project."

Minister Sanyoto said that the government is prepared to cancel SPT's, even after they have been issued. So far 1,500 such permanent letters of decision have been cancelled. Every year an average of 60 to 70 SPT's are cancelled.

Official on Need for Political Liberalization

95SE0140A Jakarta BISNIS INDONESIA
in Indonesian 8 May 95 p 12

[FBIS Translated Text] Jakarta, BISNIS INDONESIA—A speech made at a symposium has suggested the need for the government to carry out political liberalization and to establish the necessary, institutional structure before moving in the direction of economic and commercial liberalization during PJP II [The Second Long Term Development Program].

Christianto Wibisono, director of the Indonesian Business Data Center (PDBI), said: "Economic liberalization without first carrying out political and social liberalization is 'nonsense'" [preceding word in English]. He made this statement in his speech, "The Strategy of Development in the Fields of Defense and Security, Technology, and the Economy During PJP II," which he delivered at the end of last week.

Christianto continued that without political liberalization Indonesia would end up a victim of economic feudalism from the developed countries, whose economies are mature. As a result the forces of the poor countries would have difficulty in obtaining access to their markets.

The national symposium, which was sponsored by the Joint Communications Forum of the Indonesian Youth and Students Action Command of 1966 (FKB-KAPPI) and held at the end of last week, brought together speakers from the group of figures who became known in 1966, including Dipo Alam, Bomer Pasaribu, Adi Sasono, Firdaus Wajdi, and Bachtiar Aly.

A similar view was also expressed by Bomer Pasaribu, the secretary general of the All Indonesian Workers Union (SPSI). He said that the government needed to undertake "institution building" [preceding word in English] to ensure that the new model of economic liberalization pursued during the Second Long-Term Development Program does not create new victims in the development effort.

He said: "The success which we have achieved up to now, especially in economic development, has not been followed by success in other fields, that is, 'institution building.' In this connection we cannot merely depend on economic development unless it is accompanied by development in the institutional sector."

Bomer Pasaribu thinks that institutional development should be aimed, among other things, at promoting a dynamic and flexible system to ensure the abolition of poverty and strengthening national economic policy.

He emphasized: "In addition, we can eliminate concerns that the liberalization of trade will displace the concepts of the ideology of the Pancasila [five principles of the nation]. In fact, we can make the values contained in the Constitution of 1945 into a new form of economic liberalization."

He gave as an example the fact that in the GBHN [Broad Outlines of State Policy] there are economic practices which are prohibited, such as "free fight liberalism" [preceding word in English], the concept of "etatisme" [state control of property], and economic concentration.

He said: "But where are the institutions? Where are they used as a standard in representative bodies? We do not yet have a law against monopolies. We do not yet have a law on healthy competition and a framework for other institutions which would regulate all of that."

Christianto continued that the challenge of economic development during the Second Long-Term Development

Program must aim at change from the culture of feudalism to the culture of modernism. During the First Long-Term Development Program the increase in national economic power was built on the basis of social reality which "was neither Western nor Eastern."

He concluded: "This reality has become even more serious since there is no balance of forces. There is collusion between government officials and businessmen, a closed status quo, and political impotency."

Laos

Ties to PRC, Pledge of Financial Aid Viewed

BK1207063895 Bangkok BANGKOK POST (INSIDE INDOCHINA Supplement) in English 11 Jul 95 p 2

[Report by Saritdet Marukhathat]

[FBIS Transcribed Text] Laotian President Nouhak Phoumsavan's state visit to China proved a big success with more than just routine pledges to improve ties. Beijing promised his country financial support.

The Chinese government agreed to grant 30 million yuan (90 million baht) without conditions and would consider providing loans to Laos, the PASASON newspaper quoted Chinese President Jiang Zemin as telling the Laotian president on June 30.

Nouhak, who returned to Laos on Thursday, was guest of the Chinese president during the week-long trip, which wrapped up a series of visits to neighbouring countries. He began these in Vietnam last August followed by Thailand in February, Burma in May and Cambodia last month.

Beijing's offer was a huge relief for Vientiane which needs money urgently to launch development projects and to ease the budget deficit stemming from mismanagement, rising government expenditure and increased imports.

Laos' trade deficit was \$111 million last year, according to the Commerce Ministry's figure which excluded grants and loans of \$26.8 million. Although the deficit decreased \$57 million from that in 1993, it remained a problem for the country which has suffered an imbalance of about \$100 million for many years.

High-ranking government officials want to improve the deficit this year before the Lao People's Revolutionary Party holds its congress, likely to be early next year, to evaluate their progress, according to analysts. Success could see the officials rewarded with promotion.

The decision to replace Saisomphon Phomvihan with Khamsai Souphanouvong as finance minister early this year related to the budget problem and underlined the

party's concern about the issue, diplomats in Vientiane noted.

Aside from financial support, Beijing and Vientiane sealed a deal on technical and economic cooperation, with China promising to encourage more Chinese investors to enter Laos.

One big Chinese investor in Laos is Yunnan Airways which joined Lao Aviation in domestic and international operations this year. A Yunnan company built the Laotian-owned Kathing (bull) cement plant in Vang Viang in Vientiane Province last year. China is also developing roads in Laos.

The two countries maintain strong political relations, especially at party level, with frequent exchanges of state officials and high-ranking party members. They settled their 416-kilometre border in December 1993.

A major concern for Laos is control of the Mekong River which, apparently, is in the hands of China, according to Laotian government officials and analysts.

One Laotian government source said it was a serious issue for Vientiane because China could do anything at will as long as it treated the river, known as Lancang in Chinese, as its own.

Laos told Beijing of its worries last summer when the water level was unusually low, the source said, adding the visit was not an appropriate time to raise this concern.

"The water last April was so low that villagers in many places along the river could not hold their boat race on the traditional day. They were very upset and voiced their anger to the government," the source said.

The new year is traditionally marked in Laos in mid-April.

Laos and other countries in the lower basin know the problem stems from the construction of dams in China. Beijing plans to build 15 dams on the Mekong and its tributaries eight of which will be in Yunnan, the southern-most Chinese province.

Laos strongly wants China and Burma to join the four-nation Mekong Commission, established in April to coordinate cooperation and fair use of water from the river.

But the source conceded there was almost no chance of China doing so because it would no longer be the main controller of the river.

The commission groups Thailand, Laos, Cambodia and Vietnam.

Prime Minister's Office Group Ends SRV Visit

BK1007040695 Vientiane Vithayou Hengsat Radio
Network in Lao 0000 GMT 7 Jul 95

[FBIS Translated Text] A delegation of the Prime Minister's Office led by Khamsai Souphanouvong, minister and head of the Prime Minister's Office, returned to Vientiane on 5 July after ending a visit to Vietnam at an invitation of Le Xuan Trinh, minister and head of the Government Office of the SRV.

During the eight-day visit to Vietnam, the Lao delegation paid a courtesy call on Prime Minister Vo Van Kiet and held a meeting to exchange views with a delegation of the SRV Government Office. In the meeting, the two sides informed each other of situation in their respective countries. The Vietnamese side presented certain experiences in carrying out the administrative reform of the SRV and the Lao side discussed the relations and cooperation between the two offices. In this regard, the Lao side noted continual exchanges of visits between leading delegations of the two offices. It proposed that the two sides regularly exchange visits and meetings so they can inform each other of new situation and exchange new experiences. The Lao side invited a delegation of the Vietnamese Government Office to visit Laos and exchange experiences with the Lao side in 1996. It also proposed exchanges of visits or field trips between delegations of technicians, ministers, deputy ministers, and representatives of provinces, and organizing of seminars or lectures on various topics of common interest and which are beneficial to the two offices. Examples are seminars or lectures on working relations between the Government Office and administrative offices of various ministries and various provinces. It proposed an exchange of information and data related to work of the offices with a view to rapidly, clearly, and completely serving the governments and prime ministers. It additionally proposed short-term or long-term training for office cadres in the aforesaid sector of work.

During the visit, the Lao delegation also met with governors of Hanoi and Ho Chi Minh cities and visited some production, economic, cultural, and social establishments as well as main revolutionary bases and development towns in the SRV.

National Assembly Delegation Returns From SRV

BK0807164195 Vientiane Vithayou Hengsat Radio
Network in Lao 0000 GMT 8 Jul 95

[FBIS Translated Text] A delegation from the Lao National Assembly's Commission for Legal Affairs led by Khambou Sounisai, member of the Party Central Committee, vice chairman of the National Assembly, and chief of the National Assembly's Commission for

Legal Affairs, returned home yesterday afternoon after completing their visit to Vietnam from 29 June to 7 July. The visit was made at the invitation of Vietnamese National Assembly Commission of Legal Affairs.

On this occasion, Keyoun Gnot-saiviboun, deputy chief of the National Assembly's Commission for Legal Affairs, who was also in the delegation, said the visit met with satisfactory success. He said that was because apart from friendly exchange of experiences and views with Vietnamese Commission for Legal Affairs, the Commission for Economic and Budgetary Affairs, and the Standing Committee of the Vietnamese National Assembly, they also paid a courtesy call on Nong Duc Manh, member of Political Bureau of the Communist Party of Vietnam Central Committee, and chairman of Vietnamese National Assembly.

The delegation also visited Nghe An Province, Ho Chi Minh City, Vinh City, Ba Ria-Vung Tau Province, an oil production site, and many other major production bases.

The visit was made as a result of an agreement signed by the two national assemblies of Laos and Vietnam in 1994.

Philippines**Movement Toward PRC Spratlys Compromise Cited**

BK1207104595 Manila MANILA STANDARD
in English 8 Jul 95 p 5

[Report by Merlinda Manalo]

[FBIS Transcribed Text] Acting Foreign Affairs Secretary Domingo Siazon, Jr. said yesterday that China may be willing to set aside its historical claim on the Spratlys and discuss the dispute based on international laws.

Siazon said that gauging from the last two meetings by the Department of Foreign Affairs with Chinese officials, Beijing has indicated that "there could be room for compromise" in discussing the long-standing dispute.

"Let me stress that this is the Philippine perception. If our perception is correct, then this is a major shift and a major signal that they are willing to discuss the sovereignty issue without basing it solely on China's historical claim," he said.

Siazon said China may be willing to discuss the issue based on "recent developments, which include the United Nations Convention on the Law of the Sea (UNCLOS)," a treaty governing the use of marine resources.

The UNCLOS establishes mechanisms by which maritime disputes are to be settled and principles on the delineation of the 200-mile economic zones for each

Siazon said that under the exclusive economic zone concept, the Kalayaan Group of Islands being claimed by Manila in the Spratlys would fall within the Philippine zone.

Earlier, President Ramos had hinted of a possible breakthrough in the diplomatic row between Manila and Beijing over Spratlys, saying that "a more moderate action" from China may take place in 10 days. He did not elaborate.

The Chinese occupation of the Philippine-claimed Mischief Reef in the Spratlys has led to a diplomatic row between the two countries. Manila has demanded that Beijing dismantle possible naval structures built by Chinese troops in the reef.

The potentially oil-rich chain of islands in the South China Sea is also being claimed by Vietnam, Malaysia, Taiwan, and Brunei.

Siazon said the Philippines will raise the Spratlys issue during the ASEAN Regional Forum (ARF), a gathering of ASEAN and its dialog partners — China, the United States, Russia, and Japan — for talks on security matters.

A meeting of the ministerial level between Foreign Undersecretary Rodolfo Severino, Jr. and Chinese assistant foreign minister Wang Yingfan before the ARF has been reset after the security talks.

Government To Ask UN To Help Stop Tests

BK1207013595 *Quezon City GMA-7 Radio-Television Arts Network in Tagalog* 2230 GMT 10 Jul 95

[FBIS Translated Text] The Philippines will seek the assistance of the United Nations to condemn France's plan to conduct nuclear arms tests. The decision was released after France ignored the appeals made by the Philippines to abandon its plans. Meanwhile, Australia and New Zealand have warned that they will launch economic boycott against France if it continues to ignore their appeals for the abandonment of the plan.

Manila Disputes U.S. Aviation Safety Standard

International Standard Complied With

BK1207071995 *Quezon City DZBB Radyo Bisig Bayan in Tagalog* 0800 GMT 11 Jul 95

[Passages in italics in English]

[FBIS Translated Text] Transportation Secretary Jesus Garcia today admitted that the Philippines has not fully complied with the United States' standard for safe aviation. However, Garcia assured that the country's airports have complied with the International Aviation Office standard, which is the international standard.

Earlier, the U.S. Federal Aviation Administration [FAA] expressed worry over the safety of Philippine airports.

[Begin Garcia recording] That is what the Americans have said, okay? Now, the American standard is different from the ICAO standard. ICAO is the International Civil Aviation Office, which is the international standard.

Now, the FAA, the U.S. FAA, has a standard that is higher than the ICAO because the *American carriers are the target of terrorist attacks all over the world*, not only in the Philippines.

So, they are imposing on us American standard, not the ICAO standard, to which we are a signatory. [end recording]

According to Garcia, the Philippines has complied with some of the U.S. regulations except in the acquisition of new equipment.

[Begin Garcia recording] *The equipment in the market today are very expensive but they are sophisticated. For example, those metal detectors, that we have. Now also, there are plastic detectors, we don't have that here, that is expensive.* [end recording]

U.S. Aviation Standards Criticized

BK1207031995 *Quezon City GMA-7 Radio-Television Arts Network in Tagalog* 2230 GMT 11 Jul 95

[FBIS Translated Text] Transportation Secretary Jesus Garcia said the United States only wants to pressure poor countries into buying the air safety monitoring equipment that they are manufacturing. According to Garcia, most of the safety equipment is made in the United States, which means we have to buy from the United States to meet their safety standards.

Garcia castigated a report from the U.S. Federal Aviation Administration giving a conditional rating for the condition and security of Philippine airports.

Garcia added the United States wants to impose on the Philippines its own aviation standards, despite the confirmation that the country's airports are safe. At present, Philippine airports have an A rating from the International Civil Aviation Organization, which means that airplanes originating from the Philippines are safe.

Location of Talks Disputed by Government, NDF

NDF Rejects Manila Talks

BK1207062095 *Quezon City GMA-7 Radio-Television Arts Network in Tagalog* 2230 GMT 11 Jul 95

[FBIS Translated Text] The National Democratic Front [NDF] will not agree to hold peace talks in the Philippines, NDF Chairman Jose Maria Sison reiterated. According to Sison, the military would have a chance to place under surveillance NDF and New People's Army members. Sison accused the government of muddling the talks.

[Begin Sison recording] It seems that they do not know the contents of JASIG [Joint Agreement on Safety and Immunity Guarantee] and what their principal has signed.

It is stated in JASIG that the venue for the talks or the venue of formal meetings for the negotiating panels, including the reciprocal working committees, should be in a neutral venue. [end recording]

Sison urged the government to hold the talks in Vietnam if it does not want to have the talks in Europe.

[Begin Sison recording] If we consider the money spent by the Government of the Republic of the Philippines on its military operations because there is a civil war, and if we count the money it is spending in augmenting the Armed Forces of the Philippines and its launching of military campaign since 1969, you know, the amount is substantial. [end recording]

Sison did not give an exact date as to when he is coming back to the Philippines. But he hinted of returning home once the peace talks are concluded.

[Begin Sison recording] I think the conditions would be better for me and Luis Jalandoni, if we decide to come to the Philippines, if the two panels meet first in a neutral venue. [end recording]

Earlier, Presidential Peace Adviser Manuel Yan said that the government will ensure the safety of NDF members if the talks are held here. But Sison rejected the idea and warned of finally ceasing the negotiation if both panels fail to agree on minor issues.

Government Wants Manila Talks

BK1207062195 *Quezon City Radio Filipinas in English* 0230 GMT 12 Jul 95

[FBIS Transcribed Text] The government has guaranteed full safety and security to members of the communist National Democratic Front [NDF] panel if peace talks are held in the Philippines.

Ambassador Manuel Yan, presidential adviser in the peace process, gave the guarantee after he reiterated his invitation to exiled Communist Party of the Philippines Chairman Jose Maria Sison, former priest Luis Jalandoni, and other NDF panel members to return home and talk peace here in the country.

On Sunday, Yan said the government will no longer hold negotiations with the National Democratic Front, or NDF, outside the country. Any peace talks would be a waste of time and resources if they collapse because of difficult demands by the insurgents.

The government and the NDF were to hold formal peace talks starting June 26 in Brussels, Belgium, but the talks collapsed after the NDF demanded the release of captured New People's Army leader Sotero Llamas.

Sison claimed that Llamas, who was wanted and captured after a clash with Army soldiers in Bicol, was a member of the NDF panel. But the government said it is only the courts which could order the release of Llamas, who is facing various criminal charges ranging from kidnapping to murder.

According to Yan, the government can guarantee Sison and the other NDF panel members all immunity arrangements and safe conduct passes needed to push through with the talks. He also reiterated that the government would still (?make) its decision not to hold talks with the communist rebels outside the country.

While the government is willing to resume peace talks, Yan said, they cannot waste resources while abroad only to return home because of difficult demands made by the rebels.

Yan and his group left for Belgium two days before the talks collapsed on June 26. They returned to Manila immediately. And Yan appears to have the backing of Malacanang in getting tough with the NDF.

National Security Adviser Jose Almonte told Malacanang reporters that the government has bent forward to accommodate much of NDF's demands just to see the talks prosper (?failed) to the 26-year-old insurgency.

Almonte pointed out that the government, as you can see, has really exhausted all possibilities to settle the situation. But the government has [word indistinct] that

it is not necessarily compromised in the process. He is apparently referring to the NDF's demand for Llamas's release so that talks could resume. But the government has not taken and closed its doors on the NDF if it will reconsider some of its demands and agree to resume the talks here in the country. And Yan said if Sison and Jalandoni refuse to return to the country for the talks, they could tap a third party to act as mediator between both sides as proposed by Manila-based former NDF spokesman Satur Ocampo. But Yan appears to have closed any possibility for the return of the government panel to Brussels or anywhere else to resume talks with the NDF.

Yan stressed, and I quote, It is difficult for the government panel to go abroad to be made hostage. The panel is prepared to meet them here anytime they are ready, unquote.

Thailand

Response to Release of Aung San Suu Kyi Noted

Aung San Suu Kyi Congratulated

BK1207044795 Bangkok Radio Thailand Network
in Thai 0000 GMT 12 Jul 95

[FBIS Translated Excerpt] News of developments in a neighboring country, which has drawn attention worldwide, concerns the move of the Burmese Government under the administration of the State Law and Order Restoration Council, or SLORC. The international political arena was greatly surprised when it announced the release Mrs. Aung San Suu Kyi on 10 July. She has been under house arrest for almost six years on a charge of acting in a manner which is dangerous for national security. That was a result of her acting as the leading figure in demanding democracy.

Regarding the release of Mrs. Aung San Suu Kyi, Prime Minister Chuan Likphai, leader of the Democrat Party, commented that it creates a good image for all sides. The Democrat Party leader expressed congratulations on the release.

[Begin Chuan recording in process] ...It is good for all sides. I would like to express my congratulations to Mrs. Aung San Suu Kyi. I am pleased that the Burmese Government agreed to make this move because it will be good for Burma itself in all aspects. [End recording] [passage omitted on comments by other politicians]

Burma Initiative Urged

BK1207051495 Bangkok BANGKOK POST
in English 12 Jul 95 p 7

[FBIS Transcribed Text] Phalang Tham leader Thaksin Chinnawat wants the new Government to play a leading role in dealing with Burma after the release of Burmese opposition leader Aung San Suu Kyi.

The Government should pay special attention to developments in Burma which could lead to an improved atmosphere conducive to investment by Thai businessmen, he said yesterday.

Mr Thaksin, a former foreign minister, said the Government should be the first to enter the country and prepare strong grounds for Thai investors.

If "fly-by-night" businessmen entered Burma first they could damage Thailand's image and destroy the cordial atmosphere between the two countries.

Mr Thaksin, asked whether the release was a positive sign for democracy in Burma, said it was intended to gain more acceptance from the world community. Rangoon's ruling State Law and Order Restoration Council [SLORC] might have realized the need to open up the country to the outside world.

"I believe they (SLORC) realized the possible impact that would come after the release and considered it beyond their capacity to control, so they decided to do it to give their country a better image," he said, adding that more support and investment from foreign countries, especially those in the western hemisphere would follow.

Nam Thai Party leader Amnuai Wirawan yesterday said Rangoon's gesture would bring broader acceptance from the world community and strengthen relations between Burma and other countries.

But he declined to say whether Suu Kyi's release could be attributed to Thailand's "constructive engagement" policy toward SLORC.

He said the Foreign Ministry, under the supervision of his party, would build good relations with Burma.

The new foreign minister should take this opportunity to improve relations and clear problems between the two countries, said Mr Amnuai, the deputy prime minister-designate who will supervise the Foreign Ministry.

Skepticism Expressed

BK1207062395 Bangkok *THE NATION* in English
12 Jul 95 p a4

[Editorial: "We Need to Pause Before Heaping Praises on SLORC"]

[FBIS Transcribed Text] Monday's release of Burmese opposition leader Aung San Suu Kyi is as significant as a similar event in 1990, when Nelson Mandela was let out of prison in South Africa.

Now that the military junta, calling itself the State Law and Order Restoration Council (SLORC), has released the Nobel Peace laureate, it is inspiring to note that Suu Kyi never buckled under pressure in her almost six years of house detention. The leader of the National League for Democracy [NLD] still holds steadfast to her political ideals, and in her first public appearance yesterday, she said: "I am happy to be able to say that in spite of all that we have undergone, the forces of democracy in Burma remain strong and dedicated. I do know that democracy will come to Burma because it is something that the people want."

Suu Kyi said her main objectives in discussions with military rulers were the establishment of certain principles, recognition of critical objectives to be achieved, and "a joint approach to the ills besetting the country".

Last year, when she met U.S. Congressman Bill Richardson, the NLD leader made it expressly clear that she would not enter into any deals with the SLORC in order to secure her release. She said she would not accept the SLORC's offer of freedom, if she renounced politics and left the country. Because of this, her period of detention was extended by the military junta.

Totally free?

On the face of it now, Aung San Suu Kyi is a totally free person, with the SLORC announcing on Monday that she could go anywhere and meet with anyone. But the point that has to be remembered is that the NLD leader is being released into a police state. It is still a military dictatorship in Burma where there is no freedom of expression, with hundreds of other political prisoners still languishing in jails around the country. The SLORC now feels that it has tight control over the country, with the population in the heartland pretty much cowed into submission.

Suu Kyi's political views are not those of the SLORC, and so there is an overwhelming danger that she could be rearrested under a different set of arbitrary laws if she decides to organize mass movements for the restoration of democracy in the country.

The SLORC has never felt comfortable with Suu Kyi in the past, so why should they now, unless they are willing to take a gamble. Can leopards change their spots?

One perplexing thing is the new constitution being drafted by the SLORC-controlled National Convention. The military junta has made it very clear that Suu Kyi will not have a role in the country's political process, with the lame excuse that she has lived abroad and is married to a foreigner.

The National Convention is in recess at the moment and is due to reassemble in October to continue its work. So, the SLORC has got a game plan, there is no question about that.

Yesterday, Suu Kyi reiterated that she is prepared to enter into an open dialogue with the military regime on the future of Burma. The overriding question now is whether the SLORC is prepared to talk to her.

Suu Kyi's release caught everyone by surprise and it is certain that it was not a hundred per cent consensus by the SLORC. There are factions within the junta that wanted her release, either to get international legitimacy or to take global pressure off the regime.

Status quo in Burma?

The future of many of SLORC's generals is linked to keeping the status quo in Burma. If democracy is restored, their business links forged with neighboring ASEAN countries would be jeopardized. Because of this, these generals obviously view Suu Kyi as the enemy.

International pressure certainly played a big role in denying Burma World Bank loans and all but humanitarian aid from major donors. Japan too played a big part in Suu Kyi's release, noting the fact that her release was first announced by the Japanese government.

The SLORC will be attending the ASEAN Ministers Meeting in Brunei later this month, trying to convince everyone that it has turned over a new leaf so that normal aid flow can be resumed. But has it?

Before we place laurels on the head of the military junta, we need to pause for a moment. All in all, Burma is still not free unless the military junta releases all political prisoners, recognizes the results of the 1990 general election and hands over power to the people.

Businesses Cautioned

BK1207063095 Bangkok BUSINESS DAY in English
12 Jul 95 p 6

[Editorial: "Business Must Look Before Leaping Into Myanmar"]

[FBIS Transcribed Text] With the international community lauding Myanmar's [Burma] release on Monday of opposition leader Aung San Suu Kyi, business has logically opened its eyes wide to new opportunities. But in concentrating on this one tree, we should be careful not to overlook the forest of the message: that this is but one step in a long process.

Some countries seem to have lost that sight already. While global leaders — ranging from the United Nations to Nobel laureate Oscar Arias — have heartily welcomed the news and most press for further changes, some disconcerting signs have surfaced among others' comments.

While the U.S. and Japan — both supporters of constructive engagement [as published] — have pressed the State Law and Order Restoration Council (SLORC) for further change, France was among the first to say the move allows for diplomatic dialogue and augurs well for Myanmar to enter ASEAN. Thai officials have gone so far as to say that this proves the effectiveness of constructive engagement.

While quite obviously an important first step in Myanmar's development, it is hasty to assume the move is purely an innocent peace pipe when thousands more remain behind bars. The fact that it coincides with the country's campaign to promote 'Visit Myanmar Year 1996' or its interest in foreign investment should not be overlooked.

In fact, far from being a Southeast Asian 'glasnost', this could be a sign that the SLORC does not see either Ms Suu Kyi or democracy as a true threat. Perhaps, instead, it is merely a sign that SLORC is confident in its power over a country torn by tribal conflicts for centuries.

And for the business community, it would be dangerous to assume that this lets companies off the hook from groups like the Coalition for Corporate Withdrawal from Burma, based in New York.

Only one example of international pressure groups that are affecting business, the coalition and shareholders have pressed several U.S. companies to leave the military state. Among them are Eddie Bauer, Amoco, Petro-Canada, Macy's, Levi Strauss and Liz Claiborne. Many others, including Reebok, say they will not enter under the current situation.

Constructive engagement may well prove to be a positive force in Myanmar, but that cannot be the conclusion drawn from one release of a world-famous prisoner who lived a very short time in the country and happens to be a hero's daughter.

So before the business community gets whiplash from its sudden surge to find new ventures, it needs to look through the smoke-screen to determine whether the symbolic action actually represents true change.

What would be real news for business would be the liberalization of foreign currency exchange transactions, peaceful resolution of military conflicts, political freedom and an infrastructure that allows free movement. Then, and only then, should ASEAN neighbors consider the floodgates opened.

First Quarter Rise in Neighboring Country Trade

BK1207072095 Bangkok PHUCHATKAN in Thai
11 Jul 95 p 6

[FBIS Translated Text] Bangkok — The value of trade between Thailand and the other ASEAN countries during the first quarter of this year was recorded at 112,822 million baht, representing an increase of 34.25 percent compared with that in the same period of last year. The value of trade with the Indochinese countries and Burma rose to 12,169 million baht or an increase of 116.10 percent.

The trade surpluses Thailand gained from the ASEAN members and Indochinese countries including Burma were 11,512 million baht and 4,912 million baht or the up 90.50 and 116.10 percent respectively. Trade with these neighboring countries has shown a rising trend since the beginning of 1993.

The export volume to the ASEAN countries during the first quarter of this year represents 24.37 percent of the total target for 1995 (225,000 million baht). The ASEAN could replace the United States as Thailand's biggest market. Last year, it replaced the EU market as the second largest market for Thailand.

The total value of exports to the ASEAN market was 62,167 million baht while the import value stood at 50,655 million baht, representing the increases of 38.29 and 30.18 percent respectively.

During the period under review, Indonesia was the biggest market for Thai products. The trade value between the two countries expanded by 160.54 percent, a rise from 3,893 million baht in 1994 to 10,143 million. Indonesia is on the top of the list of Thailand's trade partners in the region followed by the Philippines, Malaysia, Singapore, and Brunei.

The value of the exports to Indonesia was 6,868 million baht, a big increase of 270.70 percent while the import value was registered at 3,285 million baht, or an increase of 60.79 percent.

Thai exports to Indonesia were machinery and parts, sugar, and chemical products while importing iron, steel, crude oil, and chemical products.

As for the Indochinese group including Burma, the trade between Thailand and Vietnam registered the highest increase of 106.5 percent from 1,271 to 2,619 million baht, leading Laos, Cambodia, and Burma respectively.

During the period, the Business Economics Department reported that Thailand exported to Vietnam motorcycles worth 523.2 million baht, plastic pellets worth 236.9 million baht, sugar worth 168.3 million baht, chemicals worth 94.2 million baht, and iron and steel products worth 91.6 million baht.

Meanwhile, Thailand imported from Vietnam raw and tanned hides worth 64.5 million baht, timbers and processed wood worth 37.1 million baht, processed fish products 28.1 million baht, metal scrap and mineral ores worth 26.7 million baht, and miscellaneous items worth 15.8 million baht.

Thai exports to ASEAN countries are computers, electric circuits, rubber products, rice, shoes and parts, sugar, para rubber, garments, plastic products, radio and television and parts.

The products Thailand imported from ASEAN countries were computers and components, crude oil, electrical appliance and parts, timber and processed wood, chemicals, electric circuits, television tubes, and industrial machinery.

Thai exports to Indonesia and Burma were motorcycles and parts, bicycles and parts, plastic pellets, sugar, textile, chemicals, iron and steel products, rubber products, ceramic products, and plastic products. While import products from the two countries were timber, processed wood, raw and tanned hides, wood products, and mineral ores.

Appointment of Trade Representative Urged

*BK1207090795 Bangkok THE NATION in English
12 Jul 95 pp B1, B2*

[By Wichit Chaitrong]

[FBIS Transcribed Text] The new government has to adopt a clear position on trade liberalization in the Asia Pacific Economic Cooperation, according to a senior official of the Commerce Ministry.

He said that Thailand will have to determine whether the Apec free trade plan will really benefit the country.

Kroekkrai Chiraphaet, director general of the Business Economics Department, said the upcoming Apec summit in Osaka will see the drafting of the Apec action plan on how to create a regional free trade area.

As a result, Thailand should develop a strategy to integrate its economy into the Asia Pacific region.

Kroekkrai, who represented Thailand at the Apec senior officials meeting in Japan on July 4-5, said while Apec has entered the transitional phase, the group has yet to develop a concrete agreement on a free trade agenda.

He suggested that the Thai government should create an agency similar to the US Trade Representative which will be solely responsible for laying down the country's position on Apec as well as other international trade talks.

Malaysia has a clear position on the development of Apec, because its Prime Minister Mahathir has expressed his firm intention not to develop Apec so fast.

He added that the meeting between Apec senior officials was still unable to reach agreement on how to liberalize trade and investment as stated in the Bogor Declaration.

Apec senior officials have yet to decide whether to include non-processed farm goods in the Apec trade liberalization plan as Japan and South Korea still stand firm in their position of not including agricultural goods in Apec.

Thailand and other farm producing countries, however, want to see an agreement which covers all aspects of the business sectors, especially the farm sector.

According to Kroekkrai who represented Thailand at a recent Apec senior official meeting at Sapporo, Japan, Japanese and South Korean officials stood firm in their stance that farm goods were sensitive products and they should not be subject to free trade requirements. Krirkrai said that the two countries gave the same reason as they cited at the Uruguay Round of multilateral trade talks.

From July 4-5, senior officials from 18 members of Apec met in Japan to draft an action plan in preparation for the upcoming Apec summit meeting in Osaka. The action plan consists of firstly, the general principles and specific requirements in different business sectors, liberalization procedures as well as trade facilitation and new Apec initiatives under the multilateral framework.

The second part of the action plan is cooperation in terms of the economic and technical aspects. The

cooperation will enable Apec members to realize their plan to open their markets by the year 2020.

Kroekkrai said that Thailand wanted the Apec free trade requirement to cover all aspects of business because if one country succeeds in excluding one particular item from the Apec scheme, the other members might follow suit.

Moreover, the Apec members could not agree upon the definition of "compatibility liberalization". Some members, such as Thailand, Malaysia and China, interpret it as meaning that any Apec member country which is ready to follow the free trade requirement might be able to follow the programme immediately, while other countries that are not ready might follow the requirements only at their own convenience.

Burma Reportedly Clamps Down on Thai Products

BK1207084095 Bangkok BUSINESS DAY in English
12 Jul 95 p 3

[FBIS Transcribed Text] Myanmar's [Burma's] ruling State Law and Order Restoration Council (SLORC) has set up a special task force to clamp down on Thai products in its border town of Myawady.

Myawady borders Tak Province in Thailand.

The President of the Tak Merchants Association, Chirasak Phaibunthamrot, yesterday said soldiers were carrying out regular inspections of shops and houses and confiscating Thai goods.

Mr Chirasak claimed he heard about the special force from Myanmar merchants who buy Thai goods. The move is likely to hurt cross-border trade, he said.

The latest developments have added another bitter note to the already strained relations between the two neighboring countries.

Earlier, reports said posters appeared in Myawady and other Myanmar towns last month which urged people not to buy Thai products.

No reason has been given for the boycott call, but the posters told people to buy goods from China, Indonesia, Malaysia and Singapore instead.

The authorities have also stopped construction of the Thai-Myanmar Friendship Bridge across the Moei River.

Myanmar traders who managed to slip across the frontier, told reporters in the Thai town of Mae Sot that soldiers had been searching houses since Monday and confiscated a large quantity of goods smuggled from Thailand.

Mr Chirasak said the authorities have stepped up efforts to enforce the boycott because their campaign has not been effective.

"For now they're just confiscating goods but traders say later anyone found with Thai goods will be prosecuted," Mr Chirasak said.

Thai officials played down the boycott call, maintaining it was a local problem which could be solved through negotiations.

Relations have been strained ever since Myanmar launched an offensive against ethnic minority rebels, forcing thousands of refugees into Thailand.

Royal Announcement Made on Appointments

BK1207085195 Bangkok Radio Thailand Network
in Thai 0000 GMT 12 Jul 95

[Royal Announcement appointing the speaker and deputy speakers of the House of Representatives dated 11 July and issued in Bangkok — read by announcer]

[FBIS Translated Text] Announcement on appointments of speaker and deputy speakers of the House of Representatives.

Royal Signature: Phumiphon Adunyadet, Rex

His Majesty King Phumiphon Adunyadet has decreed that it be announced:

Per the resolution adopted by the House of Representatives on 10 July 1995 to elect the speaker and deputy speakers of the House of Representatives as follows:

1. Bun-ua Prasoetsuwan as speaker of the House of Representatives;
2. Krit Kongphet as first deputy speaker of the House of Representatives;
3. Sutham Saengprathum as second deputy speaker of the House of Representatives.

The persons whose names mentioned above are therefore appointed speaker and deputy speakers of the House of Representatives in accordance with Article 125 of the Constitution of the Kingdom of Thailand, which was amended by the fifth amended Constitution of the Kingdom of Thailand in 1995, from now on.

Announced on 11 July 1995, being the 50th year under the present King's reign.

Countersigned by Chuan Likphai, Prime Minister.

New Government Urged To Pursue Other Development*BK1207061495 Bangkok THE NATION in English
11 Jul 95 p A4*

[Editorial: "The New Government: How Optimistic Can We Be?"]

[FBIS Transcribed Text] There is always a sense of hope that comes with a new government. And fair play dictates that a new government should be given a chance to run the country. Perhaps it could fill up the shortcomings of the previous administration and really make a difference to the lives of the unfortunate.

We can just about say that the reception for the expected Chat Thai Party-led government is quite mixed compared to the public welcoming of the two previous elected governments of Gen Chatchai Chunhawan and Chuan Likphai. Both have proved disappointing in some ways or other.

If the outgoing Chuan government was to have made a comeback, it would have promised continuity. This was precisely why the voters especially those in Bangkok, were quite skeptical about the Democrats. They want fast action on some chronic problems facing the city, something which both the Phalang Tham and Prachakon Thai parties made a better case of. The return of the Chuan government would have meant the same old uncomfortable feeling because Chuan does not want to change and firmly believes what he had already been doing was the ultimate.

The Banhan-led coalition, on the other hand, promises speed and action. That is hope. But the difficulties that virtually all parties in the coalition displayed in the past week in selecting ministers, both qualified and unqualified ones, threaten to dash any hope that has prevailed.

It is not just the personalities that comes to mind, but the way the cake is divided up. During the elections, we were promised that the winners would share the spoils based on work and not on ministerial posts. Now, we are told that such is not practical, except for tackling Bangkok's nightmare traffic.

We were told that importance will be given to manpower development but what we are seeing is none of the parties are giving priority to the ministries of education, science and environment and labour. Unqualified candidates are likely to take these three posts as political rewards. This means that little improvement, let alone the much needed reform can be expected.

The sense of pessimism can only prevail. The advisers of Banhan Sinlapa-acha, leader of the Chat Thai Party

and prime minister-designate, have other agendas on their minds, namely international trade, political reform and decentralization.

It is not that these things are not important, but policy bias already shows as the advisers are mostly trained in economics and law. But it does not need common sense to tell us that education, science and environment and labour development are the most vital aspects of this nation for its long term growth, prosperity, international competitiveness, quality of life and self-pride. These three ministries also need qualified chiefs since they badly need vision and reform to excel. They need strong back up from the government in terms of political will, financial resources and policy priority.

These ministries are also much more difficult to manage and tangible results are hard to come by quick unlike the trade or communications portfolios, where work patterns are already established for the ministers. Also there are projects or issues where leaders can sit together to make decisions, because the costs and benefits are easier to work out.

But the education, science and environment and labour ministries require a massive systems overhaul, reform and management. These ministries, the "Cinderella" of successive governments, are being left behind even further than infrastructure development. We wonder if this incoming government will have the foresight to take the initiative, be bold and make the necessary sacrifices.

If not, we can only think back to the Democrat-led government which attempted to give the three areas relevance on the national agenda. If outgoing premier Chuan Likphai had the foresight to tell the people during the election campaign that he was prepared to make swift changes to the Cabinet portfolio and to put his best ministers with proven public track records in charge of these three or four ministries, the Democrat Party might have found itself back in power. Bangkokians would have certainly given them a chance to capture a record number of seats in the metropolis.

General To Fill Top Post Involved in Crackdown*BK1207052895 Bangkok THE NATION in English
12 Jul 95 p A1*

[FBIS Transcribed Text] Chief of Staff to the Army Commander, Gen. [General] Chainarong Nunphakdi, who was involved in the bloody crackdown against pro-democracy demonstrators in May 1992, will be promoted to the powerful post of Army chief of staff in the annual reshuffle, an informed source said yesterday.

Deputy Army Commander-in-Chief Gen Phaibun Emaphan will become Army commander, and

Deputy Permanent Secretary for Defense, Gen Wirot Saengsanit, will become the permanent secretary, the source said.

The source said Army Chief of Staff Gen Suthep Siwara would become the Army deputy commander, while Assistant Army Commander Gen Chettha Thanacharo would not be promoted.

Assistant Army Commander Gen Anuphap Songsunthon, who retires this year, will be replaced by Gen Narurat Kampanatsaenyakon, an Army adviser.

Chainarong was the commander of the First Region Army, which oversees Bangkok, in the May upheaval. He was accused of ordering his troops to open fire, killing more than 50 protesters.

The source denied that the reshuffle list which will take effect from Oct 1, had been approved by the Army board responsible for the annual transfers, as claimed by Army Commander-in-Chief Gen Wimon Wongwanit.

THAI To Propose Plan To Trim Fleet

*BK1207091295 Bangkok THAILAND TIMES
in English 12 Jul 95 p A3*

[FBIS Transcribed Text] Bangkok: Thai Airways International (THAI)'s aircraft type reduction plan will be proposed for the consideration of THAI's board of directors on July 27, according to a THAI source.

The well-placed source stated the consideration of the plan was expected to be finalized on the said date.

"Both Boeing and Airbus aircrafts will be included in the reduction plan, whereas certain types of the McDonnell Douglas aircrafts will not. More emphasis will be placed on the markets of the Asia and Pacific regions than Europe, since the majority of THAI's revenue is derived from these two regions," said the source.

The type of Airbus aircrafts to be reduced consist of sixteen 300-600 aircrafts, eleven 300-B4 aircrafts and six 330-300 aircrafts. The type of Boeing aircrafts to be reduced are 747-400, 777-400 and 777-200. THAI also plans to reduce its 2 ATR-72 aircrafts and 2 ATR-42 aircrafts.

"THAI still wants the ATR-42 and 72 aircrafts to be included in its service as they are compact and suitable for flying short distances. Certain provincial airports, such as Tak's Mae Sod, Phitsanulok and Lampang have no/Tow runways," said the same source.

The source said the Airbus, which offers a medium-sized and large bodied aircraft, is suitable for all Asia-Pacific routes, adding it is also suitable for flying short distances.

"The larger aircrafts, with large oil tanks and high technology will be used for long distance routes, such as those flying to Europe," said the source.

A greater number of Airbus types will be reduced than Boeing in the reduction plan, said the source.

Vietnam

U.S. Decides To Normalize Relations

Vo Van Kiet Welcomes Decision

*BK1207015495 Hanoi Voice of Vietnam Network
in Vietnamese 0100 GMT 12 Jul 95*

["Full Text" of announcement by Prime Minister Vo Van Kiet; place and date not given — recorded]

[FBIS Translated Text] The declaration by President Clinton for diplomatic recognition and the establishment of normal relations with Vietnam is an important decision, which corresponds to the aspirations of the American people of all walks of life who wish to close the war-time past and establish normal, friendly, and cooperative relations with Vietnam. This decision is in tune with the current trend in the international arena and it contributes positively to peace, stability, and development in Southeast Asia and the world.

The Vietnamese Government and people have always held that the United States and Vietnam need to look to the future and establish normal relations between the two countries. That is why the Vietnamese Government and people welcome President Clinton's decision on 11 July 1995 and will be ready to work with the U.S. Government on the new structure for relations between the two countries on the basis of equality, respect for each other's independence and sovereignty, mutual benefit, and in accordance with common principles of international laws.

I wish that the two governments and peoples will cooperate with high effectiveness in continuing our work on humanitarian issues, such as the results of the war on both sides, and that relations will be strengthened in all areas of common concern — first in economics, trade, science, and technology. Relations will serve to benefit the two peoples and will contribute to peace, stability, and cooperation in the region as well as in the world.

Arising from a humanitarian spirit, the Vietnamese Government and people will continue to do our best in cooperating with the United States for the fullest accounting possible for the Americans missing in the Vietnam war.

12 July 1995

The Vietnamese Government and people hold that the new development step in Vietnam-U.S. relations will create conditions for the Vietnamese community in the United States to move closer to our country. The Government of the Socialist Republic of Vietnam earnestly hopes that our fellow Vietnamese in the United States will unite and help each other in achieving a peaceful and prosperous life, contribute to the development of new relations between Vietnam and the United States, and join hands with people at home to build a Vietnam fatherland with a prosperous people, strong country, and equitable and advanced society.

The Vietnamese Government and people would like to express our sincere gratitude to individuals and organizations in the United States and other countries in the world who have contributed to speeding up the process of normalization of U.S.-Vietnam relations.

On this occasion, the Vietnamese Government once again confirms our consistent stance of working with all countries in the world community, especially with our neighboring countries in Asia, to fight for peace, stability, cooperation, and development.

News Conference on Normalization

BK1207053295 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 12 Jul 95

[FBIS Translated Text] This morning at the Government Guest House in Hanoi, Deputy Foreign Minister Le Mai held a news conference on the occasion of the U.S. President Bill Clinton announcing his decision to normalize relations with Vietnam. A large number of correspondents and reporters from international and domestic news agencies, television and radio stations, and papers in Hanoi attended the conference.

Opening the news conference, Deputy Foreign Minister Le Mai read the text of the announcement by Prime Minister Vo Van Kiet regarding the decision by U.S. President Bill Clinton to normalize relations with Vietnam. Next, the deputy minister answered many questions raised by domestic and international correspondents on various issues in relation to the Vietnam-U.S. relations.

In the 1800 [1100 GMT] current affairs program today, we will give more details of the news conference.

[Hong Kong AFP in English at 0456 GMT on 12 July in a report on Le Mai's news conference adds: Vice Foreign Minister Le Mai later told a news conference that Vietnam 'will continue to do its utmost to achieve the fullest possible accounting.'

'More than anyone else in the world, we understand the suffering and sorrow of these American families,'

said Mai, who handles relations with the United States and has been touted as a possible ambassador to Washington.

'Our statements that cooperation will continue are the most serious assurances because this is not just a political problem but a humanitarian issue that Vietnamese understand because of their sufferings in the past.'

Mai said that documents relating to MIAs would be handed over through the mechanism that has already been set up by the two countries. Teams were at work at all levels of government to look for anything that could help in the search, he added.

'Never in the history of warfare has such efficient cooperation taken place between former enemies after a war to account for missing soldiers,' Mai said.]

Radio Reports Decision

BK1207012095 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 11 Jul 95

[FBIS Translated Text] According to sources from Washington, on the afternoon of 11 July local time or early morning in Hanoi, at a ceremony in the White House, U.S. President Bill Clinton declared the normalization of diplomatic relations with Vietnam. He said that U.S. Secretary of State Warren Christopher would arrive in Vietnam in August to discuss the establishment of relations between the two countries.

The U.S. President stressed that we should look forward to the future together. For the time being, we still have many things to do. This moment gives us the opportunity to heal our wounds.

After asserting Vietnam's active cooperation in the search for American servicemen missing in the war, the President said that the normalization of relations with Vietnam also serves for U.S. benefit. The normalization of relations is the next appropriate step and I will send another envoy to Vietnam this year. We will begin to normalize trade relations with Vietnam, a country with an open-door economic policy that is effectively helping the country integrate into the Asia Pacific region.

Before the declaration, the White House delivered an announcement saying the U.S. President was declaring normalization of relations with Vietnam in order to achieve further progress in the accounting of POW/MIA cases, to heal the wounds of war, and for everybody to head for a common future.

American officials said that the decision is one of the most important decisions in Mr. Clinton's presidential term. Despite fierce opposition from some influential forces in the United States, the majority of American

people, according to the opinion polls carried out by the press, supported the normalization of relations with Vietnam.

Many prominent figures in the American political circle welcomed President Clinton's decision. Democratic leader at the U.S. Senate [name indistinct] said: Obviously, the President has made an important step in the right direction. Senator McCain holds that it is time to terminate the two decades of hostility towards Vietnam. Speaking on NBC Radio, Senator McCain said that recognizing Vietnam suits U.S. national interests. They have significantly cooperated in the search for American servicemen missing in the war and diplomatic recognition will encourage further progress.

According to other sources, Japanese Prime Minister Murayama expressed delight at the U.S. Government's decision to normalize relations with Vietnam and close the past. Speaking at a news conference on 11 July in Tokyo, Mr. Igarashi, spokesman of the Japanese Government, welcomed President Clinton's decision and pointed out the decision benefits both the United States and Vietnam, as well as Asia as a whole.

Sources from Beijing reveal that the Chinese Foreign Ministry spokesman announced that China welcomes the normalization of relations between the United States and Vietnam.

Impact of Decision Viewed

BK1207071195 Bangkok THE NATION in English
12 Jul 95 pp A1, A2

[Report by Kunlachada Chaipipat and Pham Dui An from Hanoi]

[FBIS Transcribed Excerpt] Reaction was subdued in Vietnam yesterday as the decision by the United States to restore full diplomatic relations became a near certainty.

"It is high time for normalization," Vietnamese Foreign Minister Nguyen Manh Cam was quoted as saying during his meeting with Australian Minister for Development Gordon Bilney in Hanoi yesterday.

His was the only official comment from Vietnam on U.S. President Bill Clinton's expected announcement at late Bangkok time last night, of the full normalization of diplomatic relations between the two countries.

A well-informed source said that although Vietnamese officials had received clear signals from various channels that Clinton would make the announcement, an official reaction was not expected until today.

Nguyen Ngoc Troung, the editor of "WORLD AFFAIRS", a foreign affairs weekly newspaper, admitted

that all publications for distribution today had prepared articles to welcome the normalization. "They are going to hit the streets tomorrow (today) with articles on the normalization of ties," Troung said.

Troung said Clinton's decision was based on various considerations, including U.S. domestic politics, Vietnam's cooperation on the full accounting of MiA/PoWs, the growing concern over China's influence, as well as Vietnam's pending membership in ASEAN.

"All in all, this will help promote peace and stability in the region. A stronger Vietnam means a stronger region," he said.

Troung said American businesses will for the first time be able to work under the same conditions as their Vietnamese counterparts, as other foreign investors in Vietnam do already. [passage omitted on business opportunities]

Visiting Vice President of the World Bank for Asia and the Pacific Russell Cheetham said yesterday that normalization would be an important step in upgrading Vietnam into the international economic system.

Full ties will help further strengthen cooperation between the two countries and increase direct investment in Vietnam, Cheetham told a press conference in Hanoi yesterday.

Vietnam State Bank Governor Cao Si Kiem yesterday welcomed the normalization, saying it was in line with Vietnam's foreign policy to befriend all countries in order to allow its economy to catch up with others.

The restoration of full ties will benefit both countries and will especially help quicken Vietnam's integration into the international economic community, Cao Si Kiem said.

Full normalization will also create favorable conditions for Vietnamese bankers to learn from American bankers' advanced banking technology and management, he added.

In Bangkok, reactions from American businessmen were generally warm but some of them said the decision should have been made five years ago.

"We are delighted and happy to learn about it, although normalization should have taken place five years ago," said Thomas Seal, the executive director of the American Chamber of Commerce in Thailand.

He said the American Chamber of Commerce in Bangkok was the first in the region to file a petition to the U.S. government to restore full ties with Vietnam. It submitted the petition seven years ago.

Bangkok-based Integra group chairman Raymond Eaton said normalization would first of all make American businesses eligible for Export and Import Bank loans and consequently give American products and investors a competitive edge in the Vietnamese market. U.S. currency is also desired for trading in Vietnam, he said.

"This will change the whole situation (of the investment climate in Vietnam)," said Eaton, who started his business in Vietnam more than six years ago.

"There is now going to be more competition in the Vietnamese market," he added.

After the lifting of the U.S. trade embargo last year, which permitted U.S. companies to set up representative offices and sign business deals, American businesses poured more than U.S.\$530 million into Vietnam.

He said the effect of normalization on the financial sector depended on the Vietnamese government's policy on foreign investment in banking. "So far Vietnam does not have a grand policy on the financial sector," he said.

Phisit Charoenphan, manager of Bangkok Bank's sub-branch in Hanoi, said normalization will help the U.S. perform better in the Vietnamese market, allowing it to compete on an equal basis with other foreign investors.

Phisit, however, said he still had doubts about whether the U.S., as a latecomer, could withstand the discrepancies in laws and regulations and other risk factors confronting foreign investors in Vietnam.

"There are a lot of gray areas in Vietnamese laws regulating foreign investment that need to be addressed and this will take time," he said.

Repatriation of Citizens From Germany Discussed

Bilateral Agreement Signed

BK1207125295 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 11 Jul 95

[FBIS Translated Text] Recently, in answering a VNA [Vietnam News Agency] correspondent's question on the Vietnam-Germany agreement on the repatriation of nonimmigrant Vietnamese from Germany, the Vietnamese Foreign Ministry spokesman said:

As reported earlier, on 5 July Vietnamese Deputy Foreign Minister Nguyen Dy Nien and German Interior Minister Kanther signed documents and an agreement to repatriate Vietnamese nationals from Germany.

Under these documents, nonimmigrant Vietnamese in Germany and those who illegally entered the country after the signing of the agreement will be repatriated to Vietnam in accordance with the procedures stipulated in the agreement. Those immigrant Vietnamese nationals,

including Vietnamese workers granted a temporary resident status, are not effected by the stipulations in the new agreement. Their residence permit will be extended or renewed if they can comply with the regulations stipulated in the current law on aliens of the Federal Republic of Germany.

Both sides agreed to repatriate nonimmigrant Vietnamese from Germany and the number of repatriated persons will be agreed upon by both sides on a yearly basis. These nonimmigrant Vietnamese will be repatriated to Vietnam only after all the essential procedures have been completed with a certification of their nationality by an authorized Vietnamese agency. The repatriation must be carried out on the basis of ensuring order and safety and respecting human dignity. The repatriated persons are allowed to bring with them their cash and personal belongings.

Both sides agreed to sign further relevant documents in the near future and to repatriate a number of Vietnamese convicts from Germany. Details related to this issue will be exchanged at the earliest convenience.

Spokesman Explains Agreement

BK1207085095 Hanoi VNA in English 0656 GMT 12 Jul 95

[FBIS Transcribed Text] Hanoi VNA July 12 — Vietnamese now living illegally in Germany and any others to enter Germany following the repatriation agreement initialled by the two countries on July 5 will be returned to Vietnam said a Foreign Ministry spokesperson, during an interview by VIETNAM NEWS AGENCY.

The spokesperson said that those Vietnamese citizens who hold proper residence permits in Germany, former guest workers in East Germany included, will be able to renew their permits or will be given new permits if they meet the requirements of Germany's regulations on foreign residents.

Repatriation will be effected on the basis of annually agreed quotes, and the returnees will be brought home only after they have fulfilled all formalities and have their Vietnamese citizenship confirmed by the Vietnamese authorities, the spokesperson said.

Repatriation must be orderly and safe, with respect for personal dignity and must include financial assistance to returnees, the spokesperson added. The two sides also agreed to repatriate criminal elements at the earliest date, the spokesperson further said.

Increasing Cooperation With ASEAN Cited

*BK1207044995 Hanoi VNA in English
1508 GMT 10 Jul 95*

[FBIS Transcribed Text] Hanoi VNA July 10 — Vietnam has been establishing cooperation in transport and communications with ASEAN countries well before its joining of the regional organisation scheduled for later this month.

Vietnam's first cooperation in this field with ASEAN countries was marked by its agreements on aviation and navigation signed with Thailand, in January 1978 and January 1979 respectively. Most recently amendments to the aviation agreement with the Philippines were finalised in May 1993. Vietnam Airlines has also cooperated with the national airlines of the ASEAN members to open direct air routes linking Hanoi and Ho Chi Minh City, Vietnam's largest cities, to all the capital cities of these countries.

These air bridges have made a remarkable contribution to the growing investments of ASEAN countries in Vietnam, which totalled USD 2,528 million in 209 ongoing projects by June this year. The contribution also extended to Vietnam's tourism industry and to economic and cultural exchanges with those countries.

Sea transport with ASEAN countries was set up as early as the 70's when Vietnamese ships carried commodities to major ports in the region. However, this business did not develop, commensurate with the countries' potential, until the early 90's when a series of sea transport joint ventures were established between Vietnamese and ASEAN partners.

Joint venture companies in this field include NOL, a national sea transport company of Singapore, operating container ships on the Saigon-Singapore route, Ship Chacefit Management Pte. Ltd, and the Viethong Singapore shipping venture.

Other joint ventures have also taken shape in relevant fields, such as the Vietnam Motors Corporation between the Hoa Binh auto plant and Colombian Motors. Corp. of the Philippines, relating the vehicle assembly the Vinastar Motors Corporation between Vietrancimex and Proton Malaysia for the manufacture of light trucks and another venture between Tracimex and Singapore's Highway Resources Pte Ltd. to produce bitumen in Vietnam.

No less important in the transport sector is the recent approval by the Thai Government of 100-million baht credit for Vietnam's transport and communications service to improve its infrastructure.

Field trips and study tours to ASEAN countries were provided for officials of the transport service under various bilateral cooperation programmes including a programme for personnel training, sea port utilisation and planning, and roadway management implemented by Singapore's Indochina aid fund.

Vietnam's joining of ASEAN in the near future shall open a new chapter for the country's cooperation in this sector with all member countries, especially in the fields of marine navigation, sea ports, land transport, aviation, urban construction and salvage which Vietnam and the other ASEAN countries all have a strong interest.

World Bank Official Conducts Working Visit

Meets With Deputy Prime Minister

*BK1107152095 Hanoi VNA in English
1605 GMT 10 Jul 95*

[FBIS Transcribed Text] Hanoi VNA July 10. — Deputy Prime Minister [P.M.] Phan Van Khai received here this afternoon World Bank [WB] Vice President Mr. Russell Cheetham, on a working visit to Vietnam.

Governor-general of the State Bank Cao Si Kiem was present at the reception.

Deputy Prime Minister Khai expressed his pleasure at the fine development of the World Bank's relations with Vietnam. He highly appreciated World Bank's funded projects for rural development and hunger eradication and poverty alleviation programmes in Vietnam. Besides, World Bank-funded economic projects have been and are being well implemented and brought good effects for Vietnam.

The Deputy P.M. also told his guest the targeted fields in the plan on socio-economic development which need financial assistance from WB. He said Vietnam was striving to better the implementation of WB-funded projects.

Received by Le Duc Anh

*BK1207082995 Hanoi VNA in English
1443 GMT 11 Jul 95*

[FBIS Transcribed Text] Hanoi VNA July 11 — State President Le Duc Anh received here this afternoon Mr. Russell Cheetham, vice president of the World Bank, now on a working visit to Vietnam.

The World Bank leader expressed his satisfaction at his first visit to Vietnam and his pleasure at Vietnam's fruitful economic development, its success in attracting loans from other countries, making use of them in their national reconstruction. He affirmed that the World

Bank would further support Vietnam's socio-economic development, especially the target of hunger eradication and poverty alleviation, and the modernization of the Vietnam state bank system.

Welcoming his guests, President Anh highly valued the assistance of the World Bank leaders and experts to Vietnam in its socio-economic development. He expressed his wish and belief that the World Bank would continue assisting Vietnam.

Vietnam State Bank Governor Cao Sy Kiem and Deputy Chairman of the Presidential Office Hoang Tuan were also on hand.

Deputy Prime Minister, Australian Minister Meet

*BK1207081895 Hanoi VNA in English
1443 GMT 11 Jul 95*

[FBIS Transcribed Text] Hanoi VNA July 11 — Deputy Prime Minister Phan Van Khai received here today Australian Development Cooperation Minister Gordon Bilney who is now on a working visit to Vietnam.

Deputy PM Khai welcomed the Australian minister's visit and expressed his pleasure at the fine development of the relations between the two countries. On behalf of the Vietnamese Government and people, Deputy P.M. Khai thanked the Australian Government for its precious aid to Vietnam's development projects and wished that the two countries would sign a number of agreements occasioned by the forthcoming Australia visit by party General Secretary Do Muoi with a view to pushing up the bilateral relations in the future.

He also reiterated Vietnam's gratitude to Australia's assistance in building the My Thuan Bridge which will cross the Tien River in the Mekong Delta.

Minister Gordon Bilney expressed his thanks to Deputy PM Khai and relevant agencies for their hospitality, and his satisfaction at Australia's investment in Vietnam. He highly valued Vietnam's administrative reforms, especially that in foreign investment procedures.

Leaders Receive Malian Assembly Speaker

*BK1207004495 Hanoi VNA in English
1559 GMT 10 Jul 95*

[FBIS Transcribed Text] Hanoi VNA July 10 — State President Le Duc Anh and Prime Minister Vo Van Kiet received here today on separate occasions Prof. Ali Nou Houm Diallo, speaker of the National Assembly of Mali now on an official visit to Vietnam.

Speaking to President Le Duc Anh, Prof. A.N.H. Diallo conveyed Malian president's regards to his host and extended the Malian people's sentiment and respect

to the Vietnamese people in the struggle for national independence and in overcoming difficulties in their national re-construction. He also expressed his wish for the further promotion of the cooperative ties on the basis of the existing traditional friendship between the two legislatures in particular and the two peoples in general.

For his part, President Anh described the Malian speaker's Vietnam visit as a manifestation of the strengthening of the friendly and cooperative ties between the two national assemblies as well as the people of the two countries. Mr. Anh briefed his guest of Vietnam's foreign policy to be friend with all nations in the world in the principle of defending national independence. He said that Vietnam attached importance to the traditional ties with other countries in the former struggle for national independence as well as in the present national construction. President Anh expressed his belief that the friendly and cooperative ties between the two peoples and countries would be further consolidated and developed [words indistinct] Malian guest to convey his regards to the President of Mali.

While receiving the Malian speaker and his entourage, Prime Minister Vo Van Kiet expressed his thanks to the government and people of Mali for their great support to the Vietnamese people in their struggle for national independence in the past and national construction at present. He said he wished that Vietnam and Mali would exchange experience in their national construction and activities between the two legislatures, thus making contribution to the consolidation and promotion of the friendship and cooperation between Vietnam and Mali for prosperity of each country.

Speaking to his host, the Malian speaker expressed his wish for the further development of friendship and cooperation between the two governments and legislatures. He said that the Malian people would like to share precious experience and support of Vietnam with the highest respect.

U.S. Firms To Oversee Highway 1 Reconstruction

*BK0907054595 Hanoi VIETNAM INVESTMENT
REVIEW in English 19-25 Jun 95 p. 4*

[FBIS Transcribed Text] Two stretches of Vietnam's century-old Highway One, connecting north and south Vietnam, will soon be resurfaced and upgraded after the final round of bidding for construction contracts began last week.

The Ministry of Transportation's road management board announced that United States firms Berger International and Leuw Carther International have been chosen to supervise work on the two stretches, from Hanoi

to Vinh in the north and Ho Chi Minh City to Can Tho in the Mekong River Delta, totalling 435-kilometers. Construction is expected to start in the last quarter of 1995 and take three years to complete.

Results of the final bidding will be available after three months of evaluation, according to the road management board's latest announcement. The World Bank has given Vietnam a credit of \$158.5 million for the project.

The World Bank sent a mission to Vietnam last week to review the resettlement of residents in the current project's area and work on the next stretch of Highway One from Vinh to Dong Ha, Quang Tri province.

The World Bank is currently working on a number of other infrastructure projects in Vietnam, including building roads in the Mekong Delta and northern provinces, and improving urban transportation for Hanoi and Ho Chi Minh City.

The road management board has also called for tenders for the upgrading of the 400-kilometers stretch of highway one from Ho Chi Minh City to Nha Trang. This work will be funded by the Asian Development Bank (ADB).

Vo Van Kiet Orders Crackdown on Rice Smugglers
BK1207074495 Hanoi Voice of Vietnam in English
1000 GMT 11 Jul 95

[FBIS Transcribed Text] Prime Minister Vo Van Kiet has asked ministries and government agencies to proceed with legal action against those caught smuggling rice from late last year in an effort to crack down the growing illegal activities.

The People's Inspectorate and other relevant enforcement agencies at all levels are responsible for making a full accounting of the rampant rice smuggling to China in the last few months before handing over the case to the police for further investigation.

Campaign Against Corruption, Smuggling Cited
BK1207072195 Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 21 Jun 95 p 3

[Report by Le Thanh Huyen]

[FBIS Translated Text] In 1994 and the first five months of 1995, Interior Ministry economic police officers discovered 1,009 cases of corruption that caused a total loss of 492.444 billion dong to the state budget. They also uncovered 9,194 smuggling cases and confiscated goods valued at 605.714 billion dong. Results of the campaign against corruption and smuggling indicate that most of echelons and sectors are still lax with the management of revenue collections and expenditures. Noteworthy is

the fact that many state business establishments have deliberately refused to declare their sources of income to avoid paying taxes and fulfilling other tax obligations to the state and have shared these amounts of money among themselves at a time when they still owed hundreds of billions of dong in taxes to the state. As a case in point, one can cite incidents in which the Lam Dong Tea Company filed a false income tax return for the 1992-93 tax year, provided falsified accounting records of its fixed assets to avoid paying tens of billions of dong in income taxes, and withdrew money without following proper bookkeeping procedures, thereby misappropriating 1.4 billion dong from public funds. The investigation agency has initiated legal proceedings against those involved in the case, arresting 14 people, including five enterprise and state farm directors, and recovering 498 million dong from the company. A number of local agencies and sectors have arbitrarily imposed fees and charges at variance with the law. As typical cases, one can mention the incidents involving personnel at Dong Banh, Quan Hau, Ca Du, and Dong Nai checkpoints imposing charges on trucks with oversized or bulky loads and collecting transit and import-export taxes. Economic police officers also uncovered incidents involving a number of leading local officials acting at variance with the law by legalizing the registration and use of smuggled cars through the granting of temporary car import permits or car re-export licenses, thus creating loopholes for corrupt elements to receive bribes while collecting car import taxes or car registration fees. Serious violations against housing and land management regulations are rampant and exert an adverse impact on many aspects of social life. Regarding capital construction, typical violations were discovered in the course of check and acceptance of projects and settlement of expenses as shown by the practices of providing falsified receipts, asking for payment for work that was not actually performed, inflating the prices of materials beyond the actual limits, claiming transportation fees that did not actually exist, using substitute construction materials of lesser quality, altering the price lists, and claiming concealed expenses. The economic police office under the Hanoi public security service discovered the incident involving Vu Van Ky (Ngoc Thuy Village, Gia Lam District) selling 20,000 square meters of agricultural land without seeking prior approval in return for 1 billion dong, thus causing a loss of 11 billion dong to the state budget. By acting at variance with the law and abusing its power, the Nhan Binh Village people's committee made an illegal allotment of 7,234 square meters of land and caused a loss of three billion dong. A typical case of corruption in investment cooperation involved Tran Trieu Quan, an overseas Vietnamese national from Canada who misappropriated 1,056,000 U.S.

dollars from Texgamex (Ministry of Light Industry) through a cotton fiber deal. Quan is under arrest and legal proceedings have already been initiated against him. A typical case of corruption in the implementation of social welfare policies involved the embezzlement of 900 million dong designed to fund the 1992-93 social welfare program for recipients in Quang Nam-Da Nang Province. A typical case of misappropriation of public funds by shifting money from state business establishments to nonstate business organizations involved Tran Xuan Hoa, director of the Quyet Thang Company Limited (Ho Chi Minh City), who took advantage of his power to sign economic contracts and misappropriated 96.6 million dong, 2,596,000 U.S. dollars, and 720 taels of gold from 19 economic units.

Regarding smuggling, the Economic Police Department and the Quang Ninh Province public security service jointly intercepted the Hong Quang cargo ship that carried 33 tonnes of banned goods valued at three billion dong. The seized goods included 1,500 video cassette recorders, 200 cassette recorders, 200 bicycles, and other merchandise. In October 1994, an anti-smuggling unit at Binh Hoa Nam Village, Duc Hue District, Long An Province, discovered a motorboat carrying banned goods. When they were intercepted, the three smugglers fiercely fought back. In a number of localities like Hai Phong, Quang Ninh, and Nghe An, smuggling activities are on the rise, especially when it comes to smuggling cars, motorcycles, electronics equipment, and ceramicware from Japan, Hong Kong, and China, and to selling rice to China.

Progress in Administrative Reforms Outlined

*BK1207065895 Hanoi VNA in English
0741 GMT 11 Jul 95*

[FBIS Transcribed Text] Hanoi VNA July 11 — Administrative reforms have been under way since early this year with priority given to seven sectors of primary concerns to the government.

These are the state budget and capital construction funds allocations imports and exports foreign investment business registration and establishment land allocations, construction licensing departures and immigration and the reception of, and handling of, complaints from the people.

Regarding the foreign investment sector, administrative procedures for approval of a foreign invested project

have now been consolidated into a single level of administration instead of eight ministries as before. Efforts have also been made by various ministries and offices to streamline their apparatus and renew policies of administrative management in a bid to raise the efficiency of state management and to combat corruption and other social evils.

Administrative reforms are making headway in every city and province to conform with the government's policy and master plan, on the basis of each locality's real situation.

Revenue Collection Slow in State-Owned Sector

*BK0607032995 Hanoi Voice of Vietnam Network
in Vietnamese 0500 GMT 3 Jul 95*

[FBIS Translated Text] In the first six months of the year, budget revenue collection by the Revenue General Department only reached 40.4 percent of the annual target. The collection of some revenue types are higher than the same period last year, such as collection from enterprises with foreign invested capital, transport fees, agricultural land use tax, and business license tax.

Other revenue types, however, are less successful, including two major revenue sources namely taxes from state-owned enterprises and taxes from industrial and trading establishments. In the state-owned enterprises, collection in the six months only reached 38.1 percent of the annual plan. At present the accumulated tax arrears in the state-owned sector has amounted to nearly 200 billion dong, with some major establishments owing over 10 billion dong each.

From now to the end of year, the task of collecting budget revenue will be arduous. To be able to fulfill the remaining 60 percent of the targets, the Revenue General Department has set concrete plans to overcome losses and under collection.

Hanoi's Noi Bai Airport Upgrade Approved

*BK0807163795 Hanoi VIETNAM INVESTMENT
REVIEW in English 19-25 Jun 95 p. 4*

[FBIS Transcribed Text] The \$49.7 million project for the upgrading of the passenger terminal at Hanoi's Noi Bai International Airport has finally received the green light from Prime Minister Vo Van Kiet, and is to begin next month.

Development of this airport has been on the agenda for some time. Sources close to Vietnam's Civil Aviation Administration (CAAV) last year disclosed that a Japanese group and British Construction Company, John Laing, as well as the Vietnam Aviation Design Company were involved in the project.

The project, to be financed with local and international capital, will increase the airport's capacity to 25 million

passengers per year by 1997, in time for the Franco-phone conference to be held for the first time in Vietnam.

The new terminal is part of a larger plan, in which runways, terminals and other facilities are to be upgraded by the end of this century.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

- Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.
- Headlines and all bracketed explanatory notes are supplied by FBIS.
- Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.

